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Weekend

# FINANCIAL TIMES

Weekend FT  
 Can 34 armies  
 save Bosnia?



When an airline  
 passenger falls ill ...



Brightening up  
 the beach



SECTION II  
 World Business Newspaper

WEEKEND JULY 6/JULY 7 1996

## Escom is focus of German insider dealing inquiries

Germany's stock exchange watchdog has begun investigating possible insider dealing in shares of Escom, the German computer retailer which sought protection from its creditors this week. Since the beginning of May, the number of Escom shares being traded had risen up to nine times above the previous average trading volumes, said Jürgen Overfrank, spokesman for the Frankfurt-based watchdog agency. Page 2

**Srebrenica dig starts** Finnish investigators under United Nations auspices in Bosnia exhumed at least nine bodies, believed to be of Muslims killed while trying to escape from Srebrenica last year. Bigger excavations will begin tomorrow of alleged mass graves at 19 sites in the Srebrenica area. Warning over Bosnian poll. Page 2

**Suharto health scare hits Jakarta shares** Shares plunged in Indonesia as officials confirmed that President Suharto (left), is flying to Europe tomorrow for medical checks. The rupiah continued to fall against the dollar as concerns grew about the health of the 75-year-old president. The Indonesian leader has no obvious successor and recent reports suggested that he is suffering from a number of medical problems. World stocks, Page 19

**Mitterrand's doctor sentenced** Claude Guibler, former doctor of François Mitterrand, was given a four-month suspended jail sentence for breaching medical secrecy by disclosing in a book that the late French president concealed his cancer for 11 years.

**Church leader urges revival** Archbishop George Carey, head of the 70m-strong Anglican church, said religion became a hobby in Britain and warned society would perish unless people were taught the difference between right and wrong.

**Skyscraper plan for London** Architect Sir Norman Foster has been commissioned to design a 320m office tower for the City of London. The skyscraper would be 50m higher than the new Commerzbank headquarters in Frankfurt, currently Europe's tallest office building. Page 4

**Call for Burma sanctions** Burma's textile trade could be hit if the European Union pursues Danish calls for it to withdraw trade privileges following the unexplained death in prison last month of Copenhagen's consul in Burma. Page 3

**Taiwan approves deal** Taiwan is to let China-funded Hong Kong Telecom invest in a network venture, forging an indirect link between communist China's main overseas investment arm, Citic, and Nationalist party business interests.

**Deutsche Telekom** The German telecoms group poised for partial privatisation, hopes to have its shares trading in New York, Tokyo and Frankfurt by November 18 at the latest. Page 5

**N Korea hit by sickness** Cholera has infected hundreds of people in North Korea, according to South Korean intelligence reports. Relief organisations have warned that epidemics could sweep the country unless adequate food aid arrives.

**Libya admits magistrates** French investigating judge Jean-Louis Bruguière has been allowed to visit Libya to pursue his probe into the mid-air bombing of a French airliner over the Sahara desert in 1988. He was due to question four suspects.

**UK group takes Vietnam stake** Britain's Imperial Chemical Industries is to buy a 70 per cent stake in small Vietnamese paint maker Vina Paint.

**Crickets** England were 31 for 0 at the end of the second day in the third and final Test match at Nottingham in reply to India's first innings score of 321. England lead the series 1-0.

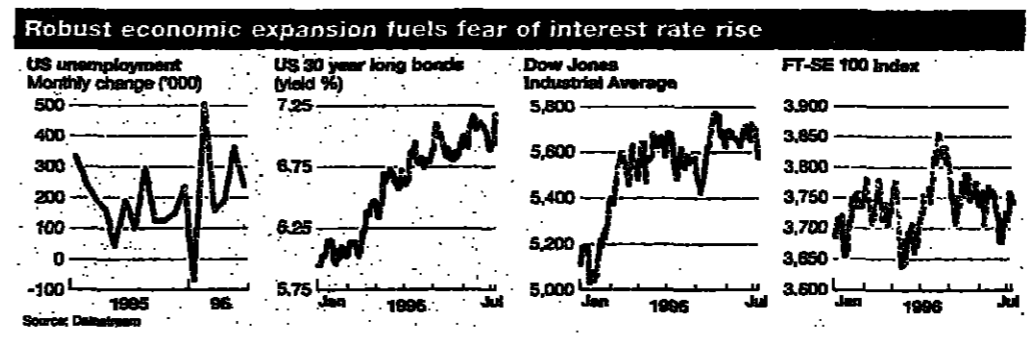
**FT managed funds coverage** The Saturday FT now includes two weekly tables which rank the best-performing UK unit trusts and investment trusts. Our managed funds listings have been redesigned to improve legibility. Pages 11-17

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Eurotunnel	9 Southern Electric
Gardner (EL)	9 Thames Water
Kvaerner	9 Wessex Water
Liberty	4 Wolves & Dudley
	9 Yorkshire Elect

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## Dow tumbles on fears of rate increase

By Michael Prowse in Washington  
 US share and bond prices plunged yesterday on speculation that the US Federal Reserve will be forced to raise interest rates soon to prevent the economy overheating. Official figures showing unexpectedly rapid growth in employment and a fall in the jobless rate to its lowest level in six years triggered a wave of selling on Wall Street. The Dow Jones Industrial Average closed 114.88 points down at 5,588.14 in a holiday-shortened session. By early afternoon the benchmark 30-year Treasury bond had lost more than two points, sending the yield soaring to 7.15. Wall Street's sharp fall hit European bond and stock markets with shares in Madrid, Paris and Stockholm declining by more than 1 per cent. In London, the FT-SE 100 index reversed an initial 29 point rally, ending 17.4 points lower at 3,743.2. Long gilts fell by three-quarters of a point. The US Labour Department said the unemployment rate fell from 5.8 per cent in May to 5.3 per cent last month, its lowest level since the peak of the previous business cycle in 1990. Payroll employment rose 239,000 against Wall Street expectations of an increase of about 150,000, and data for May was revised to show a gain of 365,000. President Bill Clinton said the figures showed the economy was in the best shape for a generation. "It is good news when America can have high job growth, strong investment and low inflation," he said.



Financial markets, however, were distressed by evidence that rapid economic growth is starting to put upward pressure on wage inflation. Average hourly earnings rose 0.8 per cent last month - one of the largest increases on record. The annual growth of earnings rose to 3.4 per cent against 2.9 per cent for the whole of last year. Wall Street economists said the Fed - which declined to raise interest rates earlier this week - was almost certain to tighten monetary policy soon. If the data remained strong, analysts said it might take the unusual step of raising rates before its next policy meeting on August 30. "They'll definitely tighten now," said Mr David Resler, chief economist at Nomura Securities in New York. He said the chance of a half-point increase in rates, taking the benchmark federal funds rate to 5.75 per cent, had risen because a quarter point move would only raise the expectation of further increases. Mr Robert Dederick, economic consultant at Northern Trust, a Chicago bank, said the Fed would probably wait until August 20 before tightening policy, but did not rule out an earlier move. The jobs data left little doubt that economic growth is accelerating. Monthly gains in employment averaged 265,000 in the second quarter, up from 200,000 in the first quarter and 171,000 in the final period of last year. Most analysts expect economic growth at an annualised rate of about 4 per cent in the second quarter, well above the 2.25 per cent that the Fed regards as compatible with stable inflation. Until recently economists were predicting a sharp slowdown in the second half, reflecting steep increases in bond yields. But economic figures - even for interest-sensitive sectors such as housing - have been uniformly strong. Yesterday's report showed employment growth concentrated in service industries which created 230,000 jobs last month, following a gain of 318,000 in May. Manufacturing employment fell 7,000 after a 16,000 gain in May.

## Former oil group chairman's future in doubt

### French rail chief held over inquiry into Elf

By David Owen and Andrew Jack in Paris



Loik Le Floch-Prigent who faces an inquiry over investments made when he was Elf Aquitaine's chairman

Mr Loik Le Floch-Prigent, chairman of SNCF, France's state-owned railway company, is being held in prison in connection with an inquiry into investments made by Elf Aquitaine, the French oil giant, while he was chairman between 1989 and 1993. His detention in the early hours of yesterday morning cast immediate doubt over his future at the loss-making rail company, which is about to embark on a wide-ranging restructuring. It came after he was placed under formal investigation by Ms Eva Joly, an investigating magistrate, for alleged misuse of corporate assets, abuse of confidence, spreading false information and false accounting.

He is the latest in a line of French business leaders placed under formal investigation since France's anti-corruption crackdown started in 1993. A spokesman for the SNCF chairman said Mr Le Floch-Prigent had no intention of resigning. SNCF said its business was continuing to operate as normal. However, if his detention continues for long, pressure will grow to find a replacement.

Mr Le Floch-Prigent's lawyer said he was "extremely shocked" by his client's temporary detention. He immediately launched a formal request for his release, but this was last night turned down by the authorities.

Mr Le Floch-Prigent, 52, is the fifth person to be placed under investigation over the Elf investments, notably in the Bidermann textile group, which have become known as "l'affaire Elf". An official audit by France's public sector watchdog last year attacked the absence of an adequate financial and investment strategy at Elf between 1988 and 1993.

Officially, the French government continued yesterday to support Mr Le Floch-Prigent, stressing that to be placed under formal investigation still carried a presumption of innocence. Elf Aquitaine shares dropped FF7.30 to FF379.10 yesterday, although in percentage terms the fall was not much bigger than the decline in the market. The company takes the view the affair has nothing to do with it in its present guise.

## Bonn reaches for sky with its euro message

By Peter Norman in Bonn

German holidaymakers can look forward to a special treat on their charter jets this summer. As they head for Thailand, Tenerife or Turkey, they will find a 71-page illustrated booklet from the Bonn finance ministry telling them why they will soon be giving up their beloved D-Marks for the planned European single currency.

Placing "The Euro: Strong as the Mark" alongside in-flight entertainment and duty-free drinks is part of an ambitious government information offensive to ensure that European economic and monetary union finds a warm welcome in Germany, if and when it starts as planned at the start of 1999.

Mr Peter Hausmann, head of the government's press and information office and the man charged with bringing the euro to the German people, hopes to get his message across to 2m holidaymakers this summer. But the booklet, with contributions



by Mr Theo Weigel, the finance minister, and a strong endorsement from Chancellor Helmut Kohl, is only part of a bigger effort - running through to 1999 which will cost the Bonn government DM15m this year and rather more in 1997. "It is the biggest theme this office has ever handled," says Mr Hausmann, who shies away from the word campaign when

describing his task. As he hands over 13 different brochures and a copy of the Maastricht treaty, he explains: "It is not like selling washing powder. What we have to give is information."

That information has already started to flow, with newspaper advertisements telling readers that "Europe is the future" and suggesting that the euro will be a guarantor of peace, freedom, economic stability and job security. Special information bases are currently criss-crossing Germany to bring the euro message to what Mr Hausmann calls "the coming elite" at 45 German universities.

The government is targeting schools and plans to distribute 1.1m euro information packs to teachers and senior pupils. It is preparing 15 two-minute spots about Europe and the euro to offer to public and private television stations. At least 15 radio stations have promised to splice

Continued on Page 24  
 Lex, Page 24

STOCK MARKET INDICES			
FT-SE 100: 3,743.2 (-17.4)	Yield 4.08	FT-SE Eurotrack 100: 1,700.86 (-0.43)	FT-SE-A All-Shares: 1,868.75 (-0.43)
Nikkei: 22,232.42 (-0.10)	New York: Dow Jones Ind Ave: 5,588.14 (-114.88)	S & P Composite: 657.42 (-14.58)	3-mo Interbank: 5.37% (5.31%)
Life long gilt: Sep 108.2 (Sep108.2)	US RATES: Federal Funds: 5.5% (5.5%)	3-m Treasury Bill: 5.275% (5.275%)	Long Bond: 8.5% (8.5%)
Yield 7.15%	Long Bond: 7.15% (8.28%)	NORTH SEA OIL (August): Brent Dated: 320.1 (19.75)	GOLD: London: 331.85 (281.22)
STERLING: New York lunchtime: 1.587	Dollar: London: 1.5551 (1.5003)	Dollar: DM: 2.3781 (2.377)	Dollar: DM: 1.929 (1.9252)
Dollar: FF: 5.168	Dollar: SF: 1.26325	Dollar: Y: 110.678	Dollar: DM: 1.929 (1.9252)
Dollar: DM: 1.929 (1.9252)	Dollar: FF: 5.168 (5.1258)	Dollar: SF: 1.2619 (1.255)	Dollar: Y: 110.688 (110.57)
Dollar: S Index: 87.6 (87.4)	Dollar: Tokyo: Y 110.65		

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NEWS: INTERNATIONAL

# Probe threatens bumpy ride for SNCF

The investigation into the French rail chief could eliminate the one man who can handle the unions, write David Owen and Andrew Jack

The investigation begun this week into Mr. Lok Le Floch-Prigent, the SNCF chairman, could scarcely have come at a worse moment for France's state-owned rail company.

Mr. Le Floch-Prigent was detained and questioned by magistrates on Thursday night over suspected fraud at French petroleum giant Elf-Aquitaine, where he was chairman from 1989 to 1993.

SNCF, long regarded as a financial basket case, with losses of more than FF35bn (\$6.8bn) in the past four years, is about to be subjected to a sweeping restructuring, aimed at providing what Mr. Bernard Pons, transport minister, has termed "an original French solution" to its problems.

While it seems unlikely the plan would be derailed by Mr. Le Floch-Prigent's departure, his flamboyant presence is widely seen as vital if the company's volatile trade unions are to be kept in line. He certainly seems to have established a good rapport with the workforce in his six months at the helm. It is revealing that when President Jacques Chirac appointed Mr. Le Floch-Prigent in the wake of last winter's

crippling public-sector strikes, he knew that a formal investigation was a possibility, but appointed him nonetheless.

In an interview conducted within days of his appearance before the investigating magistrate, Mr. Le Floch-Prigent explained the thinking behind the restructuring. This involves the takeover by the state of FF125bn of infrastructure-related debt, the scrapping of SNCF's cumbersome system of five-year plans and an exper-

iment with regionalisation. According to Mr. Le Floch-Prigent, the basic concept behind the plan is to help SNCF to break even by accepting that infrastructure "must always be subsidised by the state". "The client can pay the operating costs but not the cost of the infrastructure," he says. "Infrastructure is never a paying proposition."

In this, he argued, the French reform is the exact

opposite of the restructuring undertaken in the UK which in some ways it superficially resembles. "The UK is financing transporters to use tracks which are profitable," he said. "In France - as in Germany, Italy and Spain - we are subsidising the infrastructure so as to enable the transport company to regain financial equilibrium. The logic is completely different."

But if the plan is, as Mr. Pons said, original and French, it

also appears half-baked in a number of respects. For example, while SNCF will pay toll fees for using the track to the new public company set up to take over the infrastructure debt, it will continue to maintain this track and will receive payments for doing so.

"The company's 175,000 employees are with SNCF and will remain with SNCF," said Mr. Le Floch-Prigent. "The integrity of the SNCF is the

fundamental point of the French reforms. "From a technical viewpoint, the relationship between track and trains is so strong that it presupposes that there should be a single enterprise. That does not mean we have not effected a separation from an accounting perspective. But that is all we have done."

In addition, although the opposition Socialist party claimed the restructuring contained "the seeds of future privatisation", there appear to be no immediate plans to allow other passenger and freight operators to offer competing services.

The impression is of a government still running scared of the trade unions with which Mr. Le Floch-Prigent has established such a comparatively good relationship. Last year's strike came after the government insisted on productivity improvements in return for debt relief. The present proposals do not make productivity demands.

Obviously, one union - the CGT - this week rejected the terms of a letter from Mr. Alain Juppé to Mr. Le Floch-Prigent in which the French prime minister set out



the state's objectives for SNCF. But some believe the plan may indeed better motivate the workforce in the long run by making break-even a more realistic proposition. According to some observers, the knowledge that debt-servicing made heavy losses all but inevitable had a demoralising effect on employees. With debt down from FF200bn to FF75bn (\$40bn to \$14.8bn), efforts of the workforce may make a crucial difference.

The move towards regionalisation may also play a role in helping to keep costs under control, since the regions participating in the experiment could in theory move to other modes of transport if they

thought SNCF was charging too much. On the revenue side, the company last month unveiled measures to improve service to passenger and freight customers, including the introduction of so-called "green trains" on which passengers will be able to secure discounts of 15 per cent and the creation of a compensation system for passengers on late-running trains.

But, with much of the detail of the proposed reforms still to be worked out, it remains difficult to predict when break-even point will be reached - all the more so with such a big question-mark now hanging over the head of the incumbent chairman.

INTERNATIONAL NEWS DIGEST

## EU companies to spend more

The outlook for manufacturing investment in the European Union this year brightened a little yesterday after a business survey showed that companies' spending intentions were rising, particularly in Germany. A biannual survey of investment intentions by the European Commission showed a higher proportion of companies intended to step up spending than did six months ago.

The survey results, gathered from 23,000 companies in 12 EU countries, suggested that investment should rise by 8 per cent this year in volume, lower than last year's rise of 10 per cent. This is better than the 5 per cent rise that EU manufacturers were expecting six months ago. And in a striking development, German companies now expect a 5 per cent rise in spending in value terms this year, compared with the 1 per cent increase expected six months ago.

The Commission's hopes that the recent downturn may be ending were boosted by its monthly survey, which showed industrial confidence stabilised in June, after generally falling during the last year. But the survey also showed that while confidence remained high across Europe, while order books showed little improvement and manufacturing output levels fell slightly, manufacturers' selling price expectations fell further, with a majority of companies now expecting to cut prices in coming months. This left price expectations at a 30-year low, below levels seen during the last recession.

Gillian Trill, London

## French tax-take below budget

The French government may impose further budget freezes after tax receipts to the end of April fell more than FF10bn (\$2.1bn) below projected levels. Mr. Philippe Aubrey, secretary of the National Assembly finance commission, said the government was looking at new spending restrictions on top of a FF20.5bn freeze in February. His comments came as Mr. Alain Juppé, the prime minister (pictured left), said he was concerned by poor domestic economic growth in the second quarter for reasons "no doubt principally of psychology and morale". He warned that the government would be unable to meet its aim of cutting unemployment unless growth reached 2 to 2.5 per cent. Separately, the education ministry is preparing plans to cut 10,000 jobs, largely through natural wastage.

Andrew Jack, Paris

## Canada's jobless rate hits 10%

Canadian unemployment jumped to its highest level in almost two years in May, largely because of heavy job losses in Quebec. According to Statistics Canada, the jobless rate climbed to 10 per cent from 9.4 per cent in April. The figures confirm earlier evidence that the Canadian economy is much weaker than that of the US.

Nesbitt Burns, a Toronto securities firm, predicted the data would encourage the Bank of Canada to lower interest rates again independently of expected moves in the other direction by the US Federal Reserve. Canadian banks' prime rate is 6.5 per cent, compared with 8.25 per cent south of the border.

May's jump in unemployment was due to a combination of 66,000 lost jobs and 38,000 new job-seekers. Almost three-quarters of the job losses were in Quebec, where business confidence is at a low ebb and the separatist government has begun to implement a sweeping public sector austerity programme. The French-speaking province lost 1.5 per cent of its jobs in May.

Bernard Simon, Toronto

## Vietnam agrees repatriation

German officials said yesterday that Vietnam had removed obstacles to the return of some of its citizens living illegally in Germany, marking a big step forward in the planned return of 40,000 *Gastarbeiter* working in the former East Germany. Mr. Kurt Scheiter, secretary of state at the German interior ministry, said Hanoi had assured him that Vietnamese with passports would be allowed to return without first having their names cleared by the Vietnamese government.

Germany says it wants the Vietnamese returned quickly as many are involved in cigarette smuggling estimated to cost Bonn DM1bn (\$600m) a year in lost tax revenues. Under a treaty signed last year, Vietnam agreed to take them all back by 2000. But out of this year's target of 5,000, only 60 have returned.

An Australian foreign minister Alexander Downer said Canberra would provide the previous Labor government's commitment to provide \$455m (US\$43m) in aid to build a bridge over Vietnam's Mekong River.

Jeremy Grant, Hanoi

## WTO urged to act on textiles

Developing country textile exporters, led by Pakistan, yesterday stepped up their campaign for action by the World Trade Organisation to speed up liberalisation of textile markets.

More than 20 of the countries demanded at a meeting in Geneva that WTO ministers should press this year for more effective implementation of a Uruguay Round agreement to phase out over 10 years the barriers to trade in textiles.

The exporters accuse the US and the European Union of depriving them of the benefits of the accord by delaying liberalisation. The US and EU are expected to respond to the demand next week.

Guy de Jonquieres, London

## Mitterrand's doctor convicted

Dr. Claude Gubler, the doctor of the late Francois Mitterrand, who claimed in his book, *The Great Secret*, that the former president had had cancer since 1981, was yesterday given a four-month suspended prison sentence for violating professional secrecy. The book, published in January shortly after the president died, was almost immediately banned.

Dr. Gubler wrote that Mr. Mitterrand had suffered cancer from shortly after his first presidential election, and in his last months in office he was so occupied with his illness that he could devote little time to his role as head of state. Mr. Michel Gouadec, his co-author, and Mr. Olivier Orban, his publisher, were fined. Both said they would appeal, while Mr. Orban said that "state lies" had won, in a decision which would make his profession more difficult.

Andrew Jack, Paris

## Bangkok traffic curbs urged

Mr. Thaksin Shinawatra, Thailand's deputy prime minister, has called for a ban on new cars in Bangkok during rush hours. The plan, which must be approved by at least two government commissions, is the first time the Thai government has seriously considered restrictions on vehicles on Bangkok's notoriously congested streets.

Mr. Thaksin said cars bought after January 1, 1997 would be banned between 6am and 8.30am and from 3.30pm to 6pm. The measure would last until the end of 2000, when Mr. Thaksin said a number of planned mass transit systems would be in operation. New car buyers would be able to bypass the restriction by transferring registrations from their old cars to their new cars. The regulation would thus largely affect only first-time car buyers, he said.

Bangkok's new governor has ordered work to stop at 17 major building projects in the city until contractors can control dust pollution. Governor Pichit Rattakul was elected in June on a platform of cleaning up Bangkok's environment. But big business is not eager to see constraints on cars or construction, two industries that are booming in Thailand. Mr. Pichit wants the construction companies to take corrective measures.

Ted Bardackie and AP, Bangkok

## Balkan states seek harmony

By Kerin Hope in Athens

Participants in today's meeting of Balkan foreign ministers in Sofia would probably prefer to call the region South-east Europe, as the name "Balkan" has become associated with ethnic and political strife.

The meeting, the result of Bulgarian and Greek initiatives, is the first full-scale regional gathering since disintegration of Yugoslavia in 1991 halted hesitant attempts at co-operation after the collapse of communism.

Analysts said its timing reflected a conviction that peace in Bosnia could be consolidated, opening the way for more regional trade and investment. This would be led by Greece and Turkey, whose companies have not been discouraged by disruption caused by sanctions against Serbia or delays in transition to a market economy.

Slovenia and Croatia, the region's most advanced economies, consider themselves closer to central Europe than the Balkans and will not take part but are sending observers. Apart from aspiring to join Nato and the European Union, Albania, Macedonia and Bulgaria are being encouraged to foster co-operation in such sectors as energy and telecommunications.

One analyst said: "Topics from the old days, such as good neighbourliness and confidence-building, are still on the agenda, but what matters more are regional transport and infrastructure projects that could be funded by the EU or the World Bank." One priority will be to resolve a dispute between Bulgaria and Romania over the site of a second bridge across the Danube.

Another dispute concerns shareholdings in a planned \$700m Greek-Bulgarian pipeline to carry crude oil from the Black Sea to the Aegean, bypassing the congested sea passage through the Bosphorus.

In the meantime US and Macedonian companies have proposed an alternative pipeline through Macedonia and Albania to the Adriatic.

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# Fear of competition haunts traders

Judy Dempsey samples the reaction in Berlin to Germany's new shop hours law

It is the big bakery on Danziger street in east Berlin which the Kädters worry about.

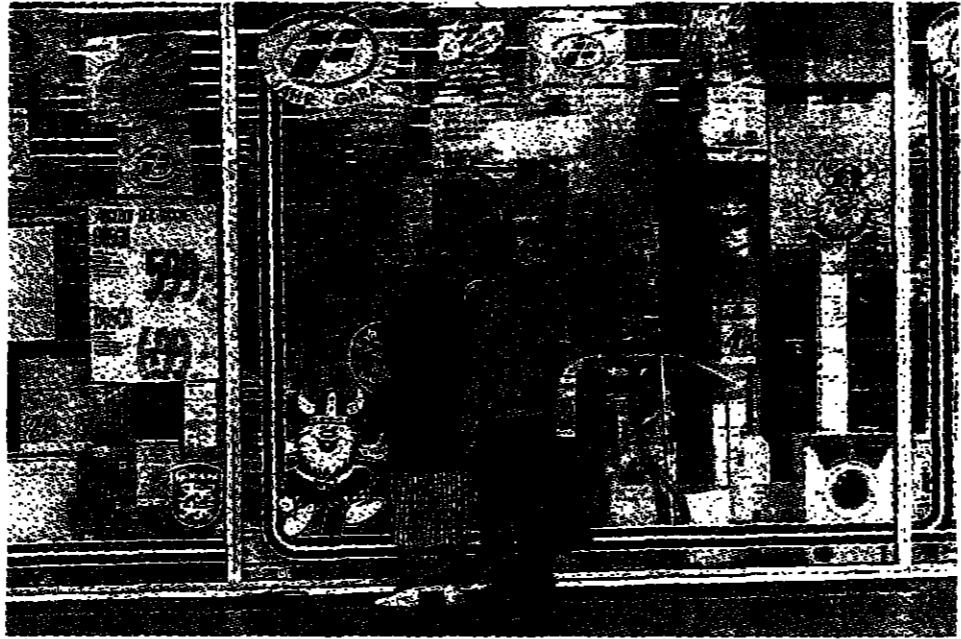
The Kädters have been baking bread in this part of Berlin since the 1930s. "It's in our blood," said Mr. Manfred Kädter. "My parents had a bakery. My wife's parents were in this business as well. But it has become tougher ever since unification."

It would become even tougher to compete under the government's proposals to allow longer shopping hours, he said, wiping the flour off his white baker's jacket. The shops law, in fact, passed its final hurdle yesterday, unexpectedly winning approval in the Bundestag, the upper house of federal parliament.

Mr. Kädter, 55, was sitting in his small kitchen while his son Stefan was busy kneading bread in the bakery across the corridor. It was 7am. The smell of freshly baked bread filled the air.

"It was all so straightforward before German unification," said his wife, Hannelore, 52. Unlike West German bakers, "we could bake when we liked," she said. "Now everything is being changed again" - including the shopping hours. "I don't know if we will survive," she said.

Under Germany's new shop hours law, to be implemented later this year, shops will be able to stay open two extra hours on weekdays to 8pm. On Saturdays closing time will be 4pm (at present it is mostly 2pm - but 4pm once a month). Sundays remain sacrosanct. Bakers will have new hours as well: an overnight ban on



Longer window of opportunity: shoppers in Alexanderplatz, Berlin

baking will be lifted, and baking will be allowed at the weekends.

The new baking law will end a 1915 Imperial decree which banned baking between 10pm and 6am and weekend baking. The reasoning was to preserve grain stocks for the war effort; German troops would eat less bread if it was not fresh. The decree was amended slightly in the 1970s, allowing bakers to start baking out the rolling pin at 6am.

"I don't mind the ban being lifted," said Mr. Kädter. "It's just that if we are allowed to bake at the weekends we will have no time off. But our main worry is that we will also have to compete with the big bakery

down the street which can afford to take on more staff and make bread deliveries to the shops and coffee houses.

"If I take on any extra help I will have to increase a bread roll by 20 pfennig to 50 pfennig (33 cents). That's too expensive for the people around here."

The fear of competition, as well as losing Sunday as their only free day, haunts the Kädters. "The big bakery down the street will survive," said 26-year-old Stefan, now a *Meister*, or master baker. "But will we? I don't want to spend Sunday in the bakery or catching up on my sleep after baking on Saturday."

The fears of the Kädters are precisely those which the Asso-

ciation of German Retailers (HDE) is tapping. The HDE has been vociferous in its opposition to any longer shopping hours, despite sluggish consumer spending, arguing it is the little shop on the street corner which will suffer while the big retailers prosper.

But across the city, in the west, Mr. Ulf Villacke, personal manager of KaDeWe, Berlin's fashionable department store, which is popular with tourists and locals for its exotic foods on the elegant sixth floor, is close to despair. He believes service for the customer must come first.

"I just don't understand it," he said. "Berlin is meant to be the capital and an attraction for tourists. But what can we offer them at the weekends? We have been campaigning for longer shopping hours but the workers' councils and the trade unions are against it."

Like all other German shops, KaDeWe may remain open until 4pm on the first Saturday of each month. Recently the Berlin government added some flexibility, letting the big shops remain open longer on certain other Saturdays. One of these was last month when the Pope visited Berlin: KaDeWe had to close its doors at 2pm.

"We did a poll among the 2,500 staff," said Mr. Villacke. "They voted for longer hours on additional Saturdays. The unions blocked it. It's not as if the staff would lose out. They would receive an extra 25 per cent of overtime pay."

But KaDeWe is losing out, particularly from *Galeries Lafayette*, the Parisian department store which opened in east Berlin in February. It has managed to prevent its doors from being closed after 2pm on more than one Saturday a month: it had no workers' councils when it started.

"I reckon we are losing about DM1.5m (\$1m) in turnover for those extra hours on a Saturday when we have to close early," said Mr. Villacke. "And yet, even though we could create jobs, the unions are still opposing the changes."

The Kädters insist they do not oppose change. "We've already been through a lot since 1990 and we have coped," said Mrs. Kädter. "It's just that, come the new shopping hours, if there is no perspective for the future, Stefan will quit. He's our successor."

# Russian liberalisation 'must be speeded up'

By John Thornhill in Moscow

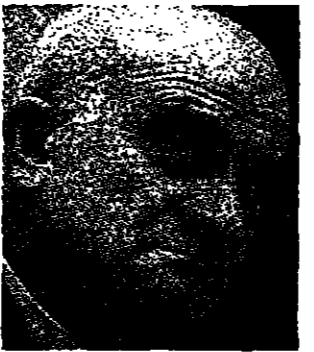
The battle to set the Russian political agenda for the next four years is expected to erupt yesterday as leading government minister called for further structural reforms in the economy and parliament demanded an investigation into corruption in the military.

Mr. Yevgeny Yasin, economics minister, said it was essential to press quickly ahead with the liberalisation of the economy to ensure that the rules of the free market became more deeply embedded in Russia. Legislation on tax reform and shareholder rights must be speedily developed and implemented, he said in an interview.

President Boris Yeltsin, who won a convincing electoral victory on Wednesday, is due to reveal the composition of his new government in the next few days before his inauguration on August 9.

In a telephone conversation with US President Bill Clinton yesterday, Mr. Yeltsin confirmed his commitment to press ahead with economic reforms. The 65-year-old Russian president added that as a hunger ration, while officers queue to get a flat for more than 10 years and get no salaries for months, those close to the defence minister are literally living it up," he said.

Mr. Rokhlin, who personally investigated the allegations,



Yevgeny Yasin, economics minister: 'free market must be more deeply embedded'

asked the prosecutor general to investigate reports of embezzlement at the top of the defence ministry while General Pavel Grachev, recently sacked as minister, was in charge.

Mr. Lev Rokhlin, the head of the parliamentary defence committee and a former general, supported recent moves by Mr. Alexander Lebed, the newly appointed head of the security council, to root out corruption in the corridors of power.

"While the soldiers are on a hunger ration, while officers queue to get a flat for more than 10 years and get no salaries for months, those close to the defence minister are literally living it up," he said.

Mr. Rokhlin, who personally investigated the allegations,

# Warning over Bosnian poll

By Paul Wood in Sarajevo and Bruce Clark in London

The Bosnian election in September could be a disastrous failure, unless indicted war criminals, including Bosnian Serb leader Mr. Radovan Karadzic, are sent for trial, according to the head of the organisation running the poll.

Mr. Flavio Cotti, the Swiss foreign minister and current chairman of the Organisation for Security and Co-operation in Europe, gave one of his steepest warnings about the likely consequences of Mr. Karadzic remaining at large.

Unless the suspected perpetrators of atrocities were extradited to the Hague tribunal, the elections would quickly lead to "developments diametrically opposed to those which they are expected to yield," Mr. Cotti said.

Instead of paving the way for pan-Bosnian institutions that represented all ethnic groups, the ballot could simply legitimise "extreme nationalist power structures" and vindicate ethnic cleansing, he told OSCE parliamentarians.

In Sarajevo, OSCE officials said the name of Mr. Karadzic did not appear on a newly published list of candidates for the September poll - a welcome sign that he has heeded warnings not to stand himself. But the organisation was confused over whether his hardline SDS

Handwritten signature: J. J. J. J.

# EU sanctions urged on Burma trade

By Ted Bartolotta in Bangkok

The unexplained death in prison last month of Mr James "Leo" Nichols, Denmark's consul in Burma and a political and financial backer of Burmese democracy activist Ms Aung San Suu Kyi, may cause Burma's access to the European Union's Generalised System of Preferences (GSP) to be revoked.

The measure, largely affecting textile trade, would be a blow to the Burmese economy as textiles are the country's main manufacturing export. Diplomats say that Europe has become Burma's largest market for textiles as US companies buy less under pressure from consumers protesting against the country's poor human rights record.

Mr Nichols, a Burmese citizen of Greek descent, was arrested in April for illegal possession of two fax machines, which require special permits in Burma. He was jailed for three years and sent to Rangoon's Insein Prison, where inmates claim torture is routine.

Mr Nichols, 65 years old and suffering from heart disease and diabetes, died six weeks later and so far Burmese authorities have denied Danish requests to perform an independent autopsy. Mr Nichols' family believes he was kept in solitary confinement in a small damp cell for most of the time he was in prison and that he was deprived of sleep for many days for continual interrogations about Ms Suu Kyi's political activities.

In response, Denmark has raised the possibility of EU trade sanctions or an investment boycott, most recently at a EU meeting in Dublin.

Other European diplomats say the Danes' request is unlikely to get very far in the face of expected opposition from France and the UK, two of the largest foreign investors in Burma.

But in addition to raising the pressure on Burma at international forums such as the Association of South-East Asian Nations (Asean) meeting later this month in Indonesia...

Heineken of the Netherlands has become the next target for US groups seeking to stop multinationals doing business with Burma, writes Gordon Cramb in Amsterdam.

Boston-based Franklin Research and Development Corporation, which has nearly \$500m of funds under management for ethical investors and is leading a Burma boycott campaign, said the brewery which a Heineken offshoot is building in Rangoon was a "particularly egregious" example of a foreign-funded project which would line the pockets of the military government.

Shares in Heineken, the most popular imported beer in the US, dipped 1 per cent over concern that its brand image would be dented. The company said the campaign had not yet affected it commercially.

European trade unionists are also irked by Heineken's indirect 25.5 per cent stake in a venture with the Union of Myanmar Economic Holding Company, which says its operations, is controlled by the armed forces.

where the EU will attend as a dialogue partner - Denmark's request comes at a time when the European Commission is completing its own investigation into accusations of forced labour in Burma.

According to EU regulations, if evidence of forced labour is found, withdrawal of GSP privileges can be applied. While GSP removal is not automatic, Danish pressure "introduces a new element" into deliberations about punishment, according to an EU official.

"It would be a way to placate the Danes without going too far with a trade/human rights linkage," said another European diplomat.

The EU is likely to find evidence of forced labour. The International Monetary Fund has calculated, based on official Burmese statistics, that involuntary "peoples' contributions" accounted for 3.1 per cent of Burma's gross domestic product in 1994-95 and perhaps 6 per cent of agricultural GDP.

# Australia, NZ in airline pact

By Nikki Taft in Sydney

Australia and New Zealand have agreed to form a "single aviation market" by November 1.

But their transport ministers, who had talks in Wellington yesterday, made clear the new arrangements would not cover "beyond rights" - that is, flying on to third countries - in the short term.

Instead, they said, "priority would be given to the question of wider international aviation matters, including "beyond rights", only when the single aviation market had been implemented and the question of Air New Zealand's proposed investment in Australia's Ansett Airlines had been resolved.

New Zealand was thought to have been pushing to see the issue of "beyond rights" integrated into the initial agenda, while Australia - protecting Qantas' competitive position - was keen to exclude it.

The more limited commitment to a single aviation market is unlikely to have a big impact on airline operations in either country.

It basically means that New Zealand carriers could fly domestic Australian routes, while Australian airlines could fly New Zealand routes. At least one start-up carrier in New Zealand has expressed some interest in flying Australian domestic routes.

Yesterday's ministerial talks were the first to address trans-Tasman aviation issues since Australia unilaterally abandoned an earlier "open skies" policy in October 1994. The perfunctory manner in which it pulled out - shortly before it was due to come into effect - and via a faxed message - soured relations between the two governments.

The Australian government officially blamed a failure to agree on customs and visa arrangements for its withdrawal, but most observers suspected that the real motive was to protect Qantas in the run-up to the Australian airline's privatisation.

# Telstra break-up seen as 'option'

By Nikki Taft

Australia's federal government indicated yesterday it might consider a break-up of Telstra as a "second-best option" if the Senate continued to thwart its attempt partially to privatise the big telecoms carrier.

Telstra now is 100 per cent owned by the government, which wants to sell off a third to private investors for an estimated A\$8bn (US\$6.3bn) during its current term of office.

Enabling legislation has already been introduced into parliament. But minor parties, which have the balance of power in the Senate, parliament's upper house, are strongly opposed to the bill, and it is unclear whether it will ever be passed.

Senator Richard Alston, telecommunications minister, said yesterday the government had taken the view that "bivling off" some of Telstra's busi-

nesses - such as Yellow Pages or Mobilnet - was a "second-best solution". But he said: "It might be an option that we remain on the table if we are going to continue to be frustrated on a going concern." Telstra as a going concern. More than 100 economists from Australian universities have signed a petition urging the federal government to rethink its plans to slash A\$8bn from spending over the 1996-97 and 1997-98 fiscal years. The cuts ignored the "creative role" of fiscal policy in economic management, especially in tackling unemployment, they said. The cuts were also unlikely to produce a balanced budget as the consequent reduction in jobs and incomes would result in lower tax revenues. But Mr Bernie Fraser, governor of the Reserve Bank, said he did not expect any serious loss of impetus from the tighter fiscal policy.

# Salinas embrace taints corporate Mexico

Leslie Crawford on questions over the fortune of ex-president's brother

The unfolding saga of the fortune and business connections of Mr Raúl Salinas, jailed brother of former president Carlos Salinas, is casting a darkening shadow over corporate Mexico.

The effort to compute Mr Raúl Salinas' hidden millions is exercising police in nine countries, while his efforts to convince his jailers of his legitimate wealth is implicating a growing number of prominent businessmen.

Mr Raúl Salinas has been in prison, facing charges of murder and illicit enrichment, since February 1995, three months after his younger brother left the presidency.

His bank accounts in Switzerland and the UK, which held more than \$122m, were frozen, while the Swiss launched their own investigation into possible money-laundering offences. The probe widened to cover other European financial centres, Caribbean tax havens, and the US. Mexican officials say they have uncovered "scores" of new accounts which were controlled by Mr Raúl Salinas, but have declined to put a final figure on his net worth.



Raúl Salinas: so far he has been able to justify every penny

To the astonishment of Mexican prosecutors, Mr Raúl Salinas has so far been able to justify every penny trace to him. As a civil servant, he never earned more than \$190,000 a year. But as the president's brother, he had lots of friends.

One of his dearest friends was Mr Carlos Paralia, head of the telecommunications company Iusacell. Mr Paralia says he "entrusted" \$50m to Mr Raúl Salinas in 1994 after being invited to join a venture capital fund the president's brother was setting up in Switzerland.

Mr Paralia says the monies had nothing to do with the fact that he won his cellular telephone concession during the Salinas administration.

Another friend was Mr Ricardo Salinas, owner of the Elektra chain of retail stores, who paid \$650m for the state-owned television network privatised in 1993.

It appears Ricardo and Raúl shared more than their common surname. On Thursday, after a week of feverish press speculation, Mr Ricardo Salinas appeared on Televisión Azteca, his network, to admit he had borrowed \$30m from Mr Raúl Salinas around the time of the privatisation exercise.

"Mr Raúl Salinas is not a shareholder or a partner in any of my companies," Mr Ricardo Salinas said. "I am not a front-man for Mr Raúl Salinas or anyone else." The television mogul did not explain why the president's brother would have wanted to lend him money. He said it had been a privilege to accept the loan. "I could not refuse it," he added.

Other businessmen linked to Mr Raúl Salinas include Mr Carlos Cabal Peniche, who fled the country after fraud was

uncovered at his banks, and Mr José Madriaga, president of Mexico's National Bankers' Association, who presented the winning bid with Mr Raúl Salinas and other partners for the state bus company Masa.

The lengthening roll-call of Raúl's associates underscores how deeply the marriage between business and politics was cemented during the Salinas era, even if businessmen are desperately trying to extricate themselves from Mr Raúl Salinas' embrace.

"Corporations tainted by Raúl's acquaintance will find it very difficult to raise equity or establish joint ventures with foreign partners," says Mr Rogelio Ramirez de la O, an economist with Ecanal consultants in Mexico City. "It has been very awkward for US companies who already are in bed with them."

Mr Paralia's Iusacell is listed on the New York Stock Exchange and has a main partner in Bell Atlantic. Mr Ricardo Salinas had been hoping to take Televisión Azteca to the market later this year. At his press conference on Thursday, he did not say whether those plans had changed.

# Copper contracts 'cleared by Sumitomo officials'

By Clay Harris in London and Emilio Terazono in Tokyo

New evidence emerged yesterday that Mr Yasuo Hamanaka was not solely responsible for copper trading at Sumitomo Corporation, which has blamed him for estimated losses of \$1.8bn.

Crédit Lyonnais Rouse, the London Metal Exchange member which cleared many LME contracts for the Japanese trading company, said yesterday that it was "satisfied that all credit lines and contractual documentation were properly processed by offi-

cial designated by Sumitomo to have such powers and such authorities were not exclusively in the hands of Mr Hamanaka."

CLR, the metals broking division of Crédit Lyonnais, the French state-owned bank, made clear that the "officials" in question were at Sumitomo itself and not external agents.

CLR's copper business with Sumitomo was conducted through Winchester Brokerage, Winchester is owned by Mr Charlie Vincent and Mr Ashley Levett, who this week told the Financial Times in their first face-to-face interview that key trades

had been approved by several senior Sumitomo officials.

The UK Serious Fraud Office, meanwhile, will take up an offer of co-operation by Mr Vincent and Mr Levett in due course. The SFO repeated that it would be looking into the affairs of anyone engaged in business with Mr Hamanaka.

In a statement, CLR said it was assisting Sumitomo's internal investigation and analysis of copper trading. All credit lines extended to Sumitomo had been approved by Crédit Lyonnais credit committees in London and Paris following normal internal proce-

dures. The credit lines had been "appropriately limited to the financial strength of Sumitomo".

CLR said it had remained profitable in June after writing off a small loss on its non-ferrous metals options book. Net profits were "only slightly behind budget" in the first six months of 1996.

The London Clearing House gave a further signal that order was returning to the copper market by cutting the initial margin - the deposit required to make a trade on the LME - from \$400 to \$300 a tonne. The margin, which stood at \$200 at the begin-

ning of May, peaked last month at \$600.

Mr Herbie Black, the Canadian senior dealer whose aggressive short-selling, betting that prices would fall, helped to break Mr Hamanaka's hold on the market, said he believed Sumitomo still held a "long" position of 1.5m tonnes, copper for which buyers had not yet been found.

Japan's Ministry of International Trade and Industry said it had yet to receive a response from Sumitomo to Mr Vincent's and Mr Levett's interview in yesterday's FT.

# Kazakh gold mine purchase agreed

By Sander Thoenes in Moscow

A consortium of US, Canadian and British gold mining companies has agreed on the principal terms for purchasing one of the world's largest gold mines in Kazakhstan, following a show-cause tender designed to banish the country's corrupt image.

The government caused an uproar last year when it first snatched the licence for the Vasilkovskoye gold mine in northern Kazakhstan away from Western Mining, then cancelled a public tender to hand the mine to Canada's Placer Dome. Placer Dome then dropped out at the last minute, forcing the government to start from scratch.

This time some leading gold companies, such as Western Mining and RTZ, declined to bid, citing political risk. The government of Kazakhstan yesterday announced it had issued a licence to Teck of Canada, First Dynasty of the US, and Bakyrchik Gold, a local mining venture listed on the London Stock Exchange, for the exploration and development of Vasilkovskoye.

The group pledged to invest \$360m, pay a bonus of \$85m and provide undisclosed royalties for an 80 per cent stake in the mine. Under Kazakh law the licence is the primary document but the contract will not be ready for signing until August 11.

With proven extractable reserves of 6.5m troy ounces, Vasilkovskoye is considered the fourth largest undeveloped gold mine in the world. "This one's big by anyone's definition, so it requires a significant commitment of capital to the country," said Mr Robert Friedland, a Canadian billionaire who heads the consortium. "We feel that it is the linchpin to the rebirth of the Kazakh mining industry."

Vasilkovskoye is Mr Friedland's second investment in Kazakhstan, following last year's buy-out of Bakyrchik Gold. Bakyrchik is estimated to hold 11m troy ounces but has been making a loss because getting gold from the ore turned out to be difficult.

According to Mr Friedland, Vasilkovskoye's gold will be easier to process. "There's nothing unusual about it. It's just damming in relation to its scale," he said. "It's a very large volume of low-grade mineralisation. It requires a very large plant, a very large capital expenditure."

"If you look at the combined resource at Bakyrchik and Vasilkovskoye you'd have a gold resource as large or larger than that contained in the largest gold mining companies in the world," he said. "We'll all be dead before we run out."

# OUR MERSEYSIDE WORKFORCE IS ENERGETIC, WITH POSITIVE IDEAS FLYING AROUND THE PLANT. THEY ARE EXCELLENT TEAM PLAYERS

There's more to building a workforce than simply pulling together a lot of people and telling them to get on with it. Johnson Controls are a 'just-in-time' company in the automotive industry, next door to Ford at Halewood. When they moved to Merseyside in '94, they devised their own job application form that looked for team players. People who played for a local football team. People who organised outings for the disabled. From 800 interviews, 104 were chosen. Only 3 dropped out.

And after special training by one of Merseyside's three Training & Enterprise Councils, the 104 graduates went to work.

"Forget Liverpool or Everton. This is the best team on Merseyside." When the production line started rolling, Johnson saw one or two things you rarely see coming off a conveyor belt.

Team spirit. Initiative. People who cared about their company. Their working methods have proved so successful, Ford have used Johnson production line workers as consultants to their own headquarters in Dagenham.

"I would like to take my workforce with me - wherever I go." But the enthusiasm, teamwork and 'can-do' attitude you find on Merseyside aren't restricted to Johnson Controls.

Ask the management teams at other car component companies, like Delco Electronics, Champion Spark Plugs and Mackie Automotives.

Outside the car business, ask oil and gas exploration company BHP, Glaxo, BICC or Kodak. (You really can ask them. As a new investor on Merseyside, you're invited to join a regular forum who pool their knowledge of the region and share those experiences with you.)

And ask them about Merseyside's financial incentives, training assistance and site availability. Or the R&D opportunities with the two world class Universities. But what about the team at Johnson?

They met their first production target way ahead of schedule. No surprises there. After all, Merseysiders have always been focused on getting their goals.



ROGER CLIFFORD PLANT MANAGER, JOHNSON CONTROLS AUTOMOTIVE (UK) LIMITED

TO DISCOVER MORE ABOUT THE INVESTMENT POTENTIAL ON MERSEYSIDE TELEPHONE 0800 22 0151 Email: merseypp@mail.cybase.co.uk

# MERSEYSIDE A pool of talent

NEWS: UK

Prime minister hails Lite-On decision as evidence of success for government policy

Taiwan company to invest in Scotland

By David Wighton in Dumfries

Mr John Major, the prime minister, yesterday announced a £40m (£82.4m) Taiwanese investment in Scotland which will create more than 1,000 jobs over the next two years.

which meets in Scotland that the investment was further evidence of the success of the government's policy of creating "one of Europe's most attractive business environments," and warned that Labour's plan for a Scottish parliament could jeopardise the flow of inward investment.

Mr George Robertson, the Labour party's shadow Scottish secretary, replied that - given the likelihood that Labour would win the next general election and introduce a Scottish parliament - the Lite-On investment suggested that the prospect of such a parliament was a positive attraction to investors from outside Britain.

Commenting on his company's decision to locate in Scotland, Mr Raymond Soong, chairman of Lite-On, said: "We looked at a number of sites elsewhere in Europe, but a combination of factors such as market potential, availability of a skilled workforce and the overall business infrastructure already established in Scotland, could not be matched anywhere else."

Lite-On will start construction of its plant at Mossend at the end of this month with production due to start in March next year.

Privatisation signals demise of British Rail

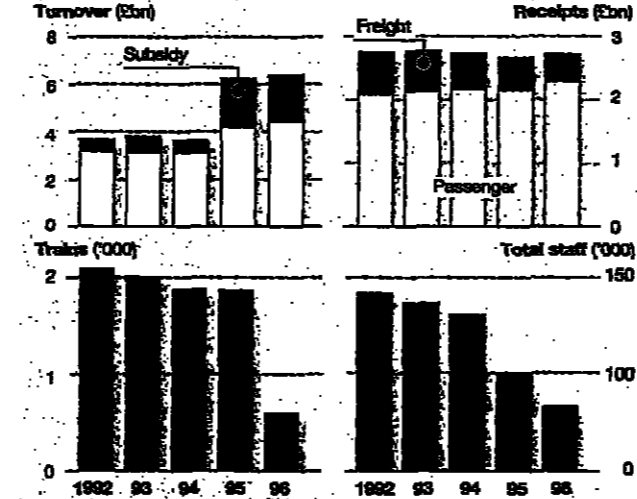
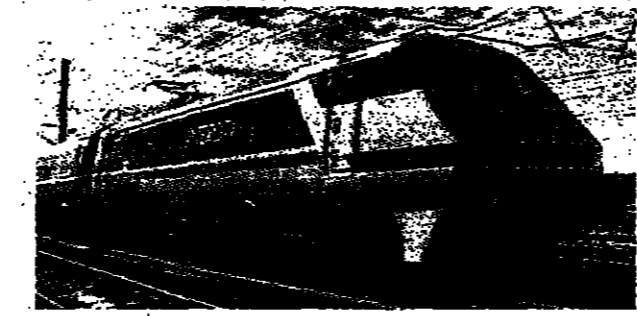
By Charles Batchelor, Transport Correspondent

British Rail, whose battles with snow and autumn leaves and the tendency of its sand-wiches to curl have frustrated travellers and delighted cartoonists, took a step closer to its own demise this week.

will exist only as a repository for potential liabilities built over the years - claims from staff and passengers injured in accidents and for the cost of cleaning up contaminated land. Delays in obtaining an official signature guaranteeing that the Treasury would pick up the bill for these liabilities gave a last-minute edge to this year's accounting procedures.

But uncertainty over finance is no new experience for BR. Forward planning has long been bedevilled by the Treasury's inability to commit itself to providing funds not just from year to year but within each year.

British Rail: the final years



Source: British Railways Board

The story the board had to tell was one of the rapid dismantling of the organisation that has run rail services since nationalisation in 1947. Thirty-eight rail businesses were sold during the 12 months to March, and a further 15 have followed in the past three months.

The privatised railway, with long-term contracts and guarantees of subsidy, is intended to overcome this problem. Rail-track, the new owner of BR's track, signalling and stations, calculates certainty in planning will cut 30 per cent off project costs.

The rapid changes now under way in rail make nonsense of the comparisons in BR's annual report. The sale of businesses and the huge freight write-down slashed operating profits last year to £14m from £571m. A signalman's strike in 1994 also distorted the numbers.

were reflected in the Beeching cuts of the 1960s which reduced the rail network by 30 per cent. A further 15 per cent was lopped off in the 1970s and 1980s but in recent years there has been a trickle of line reopenings. A British Rail

advertising slogan for many years offered the prospect of a better service with the oddly tentative claim: "We're getting there". If privatisation is to fulfil its promise, passengers will expect reality to match the marketing.

UK NEWS DIGEST

BA pilots to start strike on July 16

British Airways pilots are to go on an indefinite strike over pay and pensions on July 16, threatening widespread disruption to summer holidaymakers. The union predicted that the strike would shut down almost all of BA's network, threatening the plans of those who have booked Mediterranean holidays and long-haul trips to destinations such as Thailand and Australia.

BA said it hoped the strike could be averted, but was making contingency plans to keep as many of its services running as possible. BA has said it had up to 4,000 applications from people wanting to become pilots, some of them already qualified. BA is also thought to be preparing to book its passengers on other airlines' flights but this is likely to prove difficult at the height of the holiday season.

Mr Chris Darke, general secretary of the British Airline Pilots' Association, said his union was taking action with "deep regret" and added: "We are prepared to seek to find a solution to this problem." Balpa claims to represent 98 per cent of BA's 3,500 pilots. Over 90 per cent of the union's BA pilots voted for the strike. Mr Darke said the pilots regretted the inconvenience the public would suffer.

Michael Skapinker, Aerospace Correspondent

Union dispute at Harrods

The TGWU transport union said yesterday it planned to ballot for industrial action 275 distribution staff who work for Harrods, the London department store. The union is protesting against what it says is Harrods' failure to award union members a 3.6 per cent pay increase awarded to non-union staff.

Richard Donkin, Employment Staff

Fund management profits down

The UK fund management industry last year suffered its first decline in profitability since 1990, says a survey from accountancy firm Price Waterhouse. The survey, which scrutinised the returns of 35 respondents managing £575bn in assets, concluded that costs are rising faster than assets under management are growing. "This is the first time that profits have declined since 1990, which was a really awful year," said Mr Andrew Duncan, partner in Price Waterhouse's European investment management consulting practice.

Of the firms in the survey, five made a pre-tax operating loss. The principal causes appeared to be rising costs and falling revenues from loss of clients, the report notes. However, some of the cost increases appeared to be connected with the acquisition of new business yet to contribute to revenues. The 10 most profitable companies succeeded in cutting cost bases by 2 per cent while for the others, costs increased by 14 per cent.

Norma Cohen, London

Ostrich crackdown continues

The Department of Trade and Industry, continuing its crackdown on ostrich farming schemes, has moved to wind up a third company on public interest grounds. Its latest target is Wye Valley Ostrich Company, based in Rhayader, Wales. The official receiver has been appointed as provisional liquidator of Wye Valley, pending a hearing on July 31. The DTI had previously taken the same action against Ostrich Farming Corporation, which was wound up last month, and Raintree Farming Company, for which a hearing is due to be held next Wednesday.

Clay Harris, London

Internet site for City

An Internet site devoted to exchanging information between the City of London and the government is likely to be established to help market British financial services firms and exchanges more effectively in other countries. British Invisibles, the private sector lobbying group, has recommended the initiative in a report to the City Promotion Panel. This is the body set up by Mr Kenneth Clarke, the chancellor of the exchequer, to promote the export of financial services.

Mr Brian Pearce, chairman of British Invisibles, said the Internet site would enable companies and exchanges to provide information about future visits to other countries and about planned initiatives by government ministers. Mr Pearce said this would be a "highly focused" move to improve the flow of information. City firms were increasingly interested in marketing their services to governments and companies in other countries. Mr Pearce said.

John Capper, Banking Editor

Shipping broker cleared

A shipping broker was acquitted yesterday of defrauding the Ministry of Defence of almost £2m (£3.1m) when supplying ships to British forces during the Gulf war. Mr William Layzell-Smith, a director of brokers John Good and Sons (London), had been accused of concealing from the ministry that four "roll-on roll-off" ferries had been hired at much lower prices than the ministry believed. A jury at Southwark Crown Court, London, found him not guilty of fraudulent trading between October 1990 and July 1991. John Mason, London

328m skyscraper planned for City

Trafalgar House is planning to build Europe's tallest skyscraper in the City of London, our Property Correspondent writes. Sir Norman Foster, the architect, has been commissioned to design a 328m office tower for the site of the Baltic Exchange, a listed building in the north-east of the City which was badly damaged in 1992 by a bomb planted by the Irish Republican Army.

be almost 180m lower than Chicago's Sears Tower, the world's tallest fully operational skyscraper, which will itself soon be topped by the twin Petronas Towers in Kuala Lumpur, Malaysia. The City site is owned by Trafalgar House, the property to engineering group which was recently acquired by Kvaerner of Norway.

While the design is still under wraps - it is in early stages, planning officials at the Corporation of London, the City's local authority, are impressed. A planning application is likely to be submitted in the next few weeks.

It would dwarf the nearby NatWest Tower and would be substantially higher than the main tower at Canary Wharf in London's Docklands, the highest office building in the UK. However, the building would

be almost 180m lower than Chicago's Sears Tower, the world's tallest fully operational skyscraper, which will itself soon be topped by the twin Petronas Towers in Kuala Lumpur, Malaysia. The City site is owned by Trafalgar House, the property to engineering group which was recently acquired by Kvaerner of Norway.

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Euro assumptions transformed

By George Graham and Gillian Tett

European central bankers are locked in debate over details of a complex payments system that is due to come into existence with the arrival of European monetary union. But the dry details have been fanned into flames by rivalry between countries likely to join Emu and those likely not to.

It is also generally assumed that the UK, and some countries such as Denmark, will not be part of the first wave of Emu members.

This issue is of crucial importance to the UK, since it cuts to the core of a question increasingly worrying the City - will the UK be able to maintain its role as a financial centre in Europe?

On one level, Target is a purely technical project: how to develop links between national payment systems such as the UK's CHAPS and Germany's EIL-ZV, so that payments can pass smoothly between countries.

For even if the UK stays outside a future single currency, it is determined to become a centre for dealing in the future euro, to maintain its status as a financial market.

On another level, however, the debate highlights the difficulties of maintaining a single European trading area when currencies such as the UK's pence and Germany's DM are divided into two. The Bank of England has taken the position that Target will be essentially a payments mechanism.

The issue has been thrown into relief over the past few months because a noticeable change has taken place in the working assumptions about Emu of bankers all over Europe.

Target will operate as a real time gross settlement system. That means that instead of keeping a running tally and only settling up with each other at the end of the trading day on the net balance they owe or are owed, they will swap credits and debits electronically throughout the day.

For planning purposes, it is now widely, if not universally, assumed that Emu will indeed take place, and in all likelihood on the date planned: January 1, 1999 for the first phase, in which only wholesale payments will take place in euros.

The consequence of this is that commercial banks will have to keep large euro balances on their accounts at the central bank, or be able to draw euros from an overdraft facility at the central bank. If the UK stays out of Emu and

the future European central bank will conduct monetary policy, pushing interest rates up or down by supplying more or less euros to the financial system. "The real point is that Target is not just a single market issue, but a tool of monetary policy," said a European banking official.

Countries like France and Germany argue that Target cannot, therefore, be used in the same way by "tour" countries as by the full Emu members. These two viewpoints collide over the esoteric question of intraday liquidity.

Target will operate as a real time gross settlement system. That means that instead of keeping a running tally and only settling up with each other at the end of the trading day on the net balance they owe or are owed, they will swap credits and debits electronically throughout the day.

The result at the end of the day may be no different, but the hour-to-hour swings between credit and debit could be extreme.

France and Germany rejected this as too lax. They want credit limits as much tighter collateral requirements for non-Emu banks.

At this week's secretive Frankfurt bankers' meeting in Frankfurt, the UK and several other countries had broadly accepted a proposal they believed would impose acceptable limits on their ability to issue euros. These would impose punitive interest rates if the euro liquidity provided during the trading day in non-Emu spilled over into overnight borrowing.

WEEKEND BUSINESS. A collection of advertisements for various services including yacht charter, business wanted, tourist attractions, industrial distributor, legal notices, and various software products.

Private buyers give car market big boost

By Peter Marsh in London

Private car buyers returned to the showrooms in droves in the second quarter of this year, underlining recent evidence of consumers succumbing to a "halcyon factor", the Society of Motor Manufacturers and Traders said yesterday.

The main trade body for the UK automotive industry said registrations of new cars by private buyers, as opposed to businesses and car fleets, rose 9.7 per cent between April and June compared with the equivalent period a year earlier. It was the fastest year-on-year growth for almost eight years.

"This is an encouraging sign of consumer confidence and a return to the feel-good factor," said Mr Ernie Thompson, the society's chief executive.

In the second quarter of 1996, registrations of new cars by private individuals came to 197,067 compared with 178,008 in the equivalent period last year. The society said that private sales only to the early 1990s, but Mr Thompson said it seemed likely that the year-on-year growth was the highest since around 1988.

Consumer interest in buying new vehicles - an industry worth some £5bn a year at a retail level - has until recently been extremely muted, in contrast to business purchases which have grown fairly strongly.

Private purchases, which account for just under half of sales of new cars in the UK, are keenly monitored by economists as a good indicator to broad consumer attitudes to buying big-ticket items. The Treasury welcomed the figures, saying they "fit in" with the general pattern recently of a return to consumer confidence.

Lex Service, the UK's biggest car distributor, which claims a 3 per cent of the new car market, said it broadly agreed with the society's interpretation. It had seen a good April and May, "though June was not so strong". Incheape, another big distributor, said the "past few months had been very encouraging" in terms of consumer purchases, though it urged caution about the rest of the year.

According to Mr Thompson, people's greater keenness in buying new cars was partly linked to lower economic factors such as lower unemployment and growing real disposable incomes.

The Department of Transport said yesterday it hoped to publish a consultation document in the next two months setting out ideas for abandoning the system of changing the registration prefix for new cars every August.

The car industry argues that the system leads to a surge in new car sales every summer, distorts production and planning and makes the sector competitive with rivals in other countries. The department said it was ready to listen to all arguments.

Table with multiple columns and rows, likely a financial or market data table. The text is too small to read accurately.

Vertical advertisements on the right edge of the page, including 'Deutsche to explain', 'Leon from refreshes Meridown', and 'Banks for'.

# Deutsche Telekom aims for November listings

By Michael Lindemann in Bonn

Deutsche Telekom, which is poised for partial privatisation later this year, hopes to have its shares trading on the stock exchanges in New York, Tokyo and Frankfurt by November 18 at the latest.

Speaking at a stock exchange conference in Frankfurt, Mr Joachim Kröske, finance director, said final details on the consortia of banks handling Deutsche Telekom's initial public offering outside Germany would be published in the next two weeks.

Next month Deutsche Telekom, Europe's biggest telecoms operator, also expects to announce incentives for private investors in Germany, who have traditionally shied away from equities but are being wooed ahead of the country's biggest share issue.

However, Mr Kröske said Deutsche Telekom was not in talks about the sale of its cable television network, the world's largest.

A report earlier this week from the monopolies commission recommended that the network - which is connected to 24m houses and has over 16m users - be sold to foster competition on the German telecoms market.

The commission, which reports every two years, said it was "necessary" that Deutsche Telekom sell its cable network so that other operators would have proper access to the so-called local loop, the local telecoms network.

While competition is expected to emerge fairly rapidly after liberalisation in January 1998 on the long-distance network, local telecoms traffic will remain firmly in Deutsche Telekom's hands, because it

dominates the business through its direct access to households.

Mr Karel van Miert, a European competition commissioner, has for a number of years been trying to decide whether Deutsche Telekom should be forced to sell the network.

Deutsche Telekom, meanwhile, has so far ruled out a sale, partly because the broadband cable network forms an integral part of the company's plans to offer interactive multimedia services such as telebanking and tele-learning.

Deutsche Telekom executives, meanwhile, have suggested that if the company were offered about DM30bn (\$18.7bn) it might be prepared to sell the network. Analysts note that such a sale would help the company reduce its total liabilities of DM109bn ahead of privatisation.

# A weather eye for floods or lightning

The utilities sector is being scanned for signs of bid activity, writes Simon Holberton

There was a time not so long ago in the UK utilities sector when the Department of Trade and Industry would approve a bid on a Wednesday and another would pop up the following Monday.

Yet since Mr Ian Lang, trade secretary, approved the £1.7bn Avon bid for Midlands Electricity on June 5, there has been silence.

A frisson of interest was generated in the sector this week when a rumour swept the market that East Midlands might be the subject of Houston Industries' attentions. But that soon subsided.

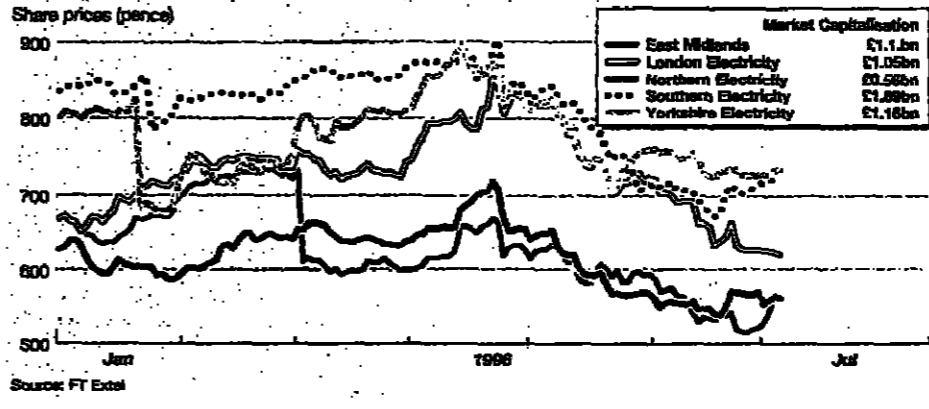
Since Mr Lang's approval of the Avon bid, received wisdom suggested that some of the remaining five regional electricity companies would soon fall to predators, or seek an amalgamation with another - or a water company - to ensure their survival.

So, has the great utilities sale been suspended due to lack of interest? Can the rumbling in the background be the muffled sound of corporate financiers crying into their cups, or the distant echo of an approaching herd of bidders?

Sector analysts believe corporate activity will pick up this summer. Foreign interest has not abated and neither has the desire by some UK utilities to grow by acquisition, they say.

Moreover, there is a favourable shareholder background. Behind the scenes, it is thought that large institutional shareholders would welcome

## The remaining independent recs



more cash bids. According to this view, institutions want to lighten their exposure to the sector, which is viewed as vulnerable to regulation and a change in government.

Against the upbeat predictions, however, is the belief of some corporate financiers that far from there being an inexhaustible supply of foreign bidders for rec or water companies, especially from the US, supply is quite limited.

They point out that the Avon bid for Midlands took nine months to arrange and was only possible when two US utilities combined to acquire the rec. "Those who have been interested have been here to take a look," one banker said.

Supporting this view was the decision this week by Pennsylvania Power and Light to take a 25 per cent stake in South West Electricity for £121.5m.

This gives PPL a toe-hold in the UK and a window on electricity supply liberalisation which would be useful for it in the evolving US electricity sector.

Others also note that foreign investors have been spooked by the Ofgas review of British Gas's Transco pipeline business. Add to this a recognition that recs are far from cheap, and that there are other opportunities for international diversification in markets such as Australia, and the supposed wave of foreign investors turns into a dribble.

"I think utility consolidation will continue but on a more cautious basis," says one analyst. "The next election is now 10 months away; there is a limited amount of time."

Some analysts, however, are

speculating that consortium bids that involve a UK utility might emerge as a preferred bidding strategy.

Scottish Hydro-Electric has had on-and-off discussions with a number of US utilities about making a bid for an English rec. Scottish Hydro would want to acquire an electricity supply business to match its generation in England, while the US partner might take the distribution side of the business.

In the context of consortium bids, some claim that the deal which Southern Electric would like to pull off would be an acquisition of Anglian Water or Thames Water with a foreign partner. With a market capitalisation of £1.6bn Anglian Water is not much smaller than Southern Electric at £1.9bn.

But Southern tilting at

Thames (market capitalisation £2.3bn)? Unlikely, unless it has a very big partner, say analysts. The more likely target for Southern Electric would be Wessex Water - which has a market capitalisation of £780m, but which might cost the rec about £1.3bn to secure in view of Wessex's complicated capital structure.

Going forward, Southern Electric has quite a dilemma in framing a strategy," says one analyst. "The Southern Water acquisition was about geographical fit and cost-cutting."

But Wessex would make sense, he argues, from the point of view of finance. Southern could fund a £1.2bn bid from its own resources and then use a "balance sheet efficiencies" from Wessex's enviable position in the water sector of generating positive cash flows from both its regulated and non-regulated businesses.

And then there is this week's talking point: East Midlands. Sir Nigel Rudd, its chairman, has a reputation for extracting full value for shareholders, so it is unlikely to come cheap.

Although the company believes electricity and water do not mix, it is much less opposed to the acquisition of a rec. The problem is that Yorkshire Electricity, the natural fit, also believes in an independent future. If a takeover were to happen, Yorkshire thinks its management is as equal to the task of managing the enlarged group as is East Midlands.

# Deutsche Babcock forced to explain share price slide

By Michael Lindemann

Deutsche Babcock, the troubled German engineering conglomerate, was yesterday forced to issue a statement denying it was in "serious trouble", after its share price plummeted 27 per cent this week.

"Stock exchange rumours that the company is in serious trouble are completely without foundation," it said. "Our activities are stable and unchanged as reported in our half-yearly report to shareholders."

Shares in the Oberhausen-based company, which has been struggling for years to recover sustainable profits,

yesterday fell as low as DM50 before recovering to DM63.50 in after-hours trading.

The group blamed the slide on a "large sale order".

Banks, including Westdeutsche Landesbank, the public sector bank which owns about 10 per cent of the group, are expected to meet Deutsche Babcock's management board on Wednesday to discuss progress on an overhaul announced in February.

At the time, Mr Heyo Schmedeknecht, chief executive, said he wanted to dispose of businesses with sales of DM1.6bn (\$1bn) and reshape the group to concentrate on engineering and plant.

The group has been

reshaped, but none of the businesses have so far been sold.

Last month Mr Schmedeknecht warned that the group would report operating losses of up to DM300m for the year ending September 30 unless it could complete some of the sales and so cover the restructuring charges.

Analysts said the June letter to shareholders with the half-year results made "very depressing" reading. Several have suggested that a number of Deutsche Babcock's more successful businesses, such as Schumag, would be badly hurt if their profits were constantly sapped to cover losses elsewhere in the group.

# Furnishing deal boosts Liberty

By Sophy Buckley

Liberty, the loss-making retailer, received a fillip yesterday when its shares reached a year high of 408 after it announced a \$900-million worldwide distribution and licensing deal with Osborne & Little, the furnishings and wallcoverings specialist.

Under the agreement, which excludes Japan, O&L will take over stock, two leases, and staff of Liberty's furnishing

fabrics and wallpaper business in return for the cash consideration and royalty payments. O&L shares rose 38p to 688p.

Liberty will retain artistic and quality control, and will continue to design some of the prints. O&L will also work on designs.

Mr Ian Thomson, chief executive, said the deal should quickly turn an area that had been incurring a substantial loss into one making a meaningful profit.

"It is an instant and ongoing income stream and one we and Osborne & Little are confident of growing over the next few years."

Liberty had signalled in June that it was looking for licensing agreements as part of its efforts to halt six years of declining profitability.

For the year to January 27, it made pre-tax losses of £16.6m after taking an £18.7m exceptional charge for restructuring.

# Bardon spends \$32m on double aggregates buy

By Andrew Taylor, Construction Correspondent

Bardon, the quarry group, is expanding its Maryland aggregates business in the US as part of two acquisitions worth \$32m (\$20.5m).

The company, which last year revitalised its finances with the £75.5m sale of its UK Civil and Marine dredging business to ARC, has purchased EL Gardner, a sand

and gravel operation, for \$25m.

In the year to May 31 1995 EL Gardner earned net profits of \$3m on sales of \$18m.

In a separate deal it has purchased the quarry and black-top plants of Peabody Quarry in Massachusetts in a deal worth \$9.6m. Bardon previously ran the quarry under an operating lease requiring annual payments of about \$1.6m.

# Lemon brew refreshes Merrydown

By Sophy Buckley

Two Dogs, the alcoholic lemonade, has helped put the fizz back into Merrydown as the UK's third largest cider maker returned to the black after two years of losses.

On sales up 58 per cent at \$27.1m, it made pre-tax profits of £2.03m (£2.07m losses) for the year to March 31, and lifted operating margins from 2.5 per cent to 7.6 per cent.

The company said the margin rise was due to a "combination of lower costs and higher volumes, largely attributable to sales of Two Dogs".

Mr Richard Purdy, chairman, said: "Two Dogs has been a phenomenal windfall boost to our year of recovery."

Merrydown is now concentrating on distributing Two Dogs in continental Europe.

The company, which has 50 competing brands and an estimated worth of £150m in the UK, Merrydown said Two Dogs and rival brand Hoopers Hooch, brewed by Bass, had cornered about 90 per cent between them.



Top of the pops: Mr Richard Purdy, Merrydown chairman (left) with Mr Stephen Burke, finance director

# Brewers buy stake in pubs group

By David Blackwell

Two regional brewers yesterday agreed to buy for £7.5m two-thirds of Mercury Taverns, an independent pub group with 129 tenancies and 31 managed houses.

Marston Thompson & Evershed, which brews Pedigree and Wolverhampton & Dudley Breweries, which brews Anker, will each pay £2.7m to buy out the venture capital interest in Mercury. The management team that has built Mercury after an initial deal for 115 pubs from Bass will keep the other third.

The deal is thought to be the first in which two regionals have combined to increase the number of outlets for their beer. They will each supply the chain with more than 20,000 barrels a year, replacing supplies from Bass, Scottish Courage and Carlsberg Tetley.

Mercury last year made profits of £1.5m on sales of £15.2m. It is highly geared, with debts of more than £16.5m.

Mr Tony Sanders, Mercury's joint managing director, said the debt would be replaced at better interest rates following the deal.

Mr David Gordon, managing director of Marston's, said the two groups would each supply half the estate on a regional basis.

Mr David Thompson, W&E managing director, described the deal as "a genuine joint venture - Mercury's management felt more comfortable with two shareholders rather than just one".

Analysis - some of whom raised eyebrows at Marston's recent £20m purchase of the seven-strong Pitcher & Piano chain - suggested that for a small amount of money the brewers had acquired a relatively secure supply agreement.

# Banks fear for Eurotunnel

By Geoff Dyer and Charles Batchelor

Fears about Eurotunnel's financial future had prompted a burst of activity in the secondary market for its debt, traders said yesterday.

Some banks had been trying to sell part of their debt because of worries that the company would be put into administration if a financial restructuring were not agreed by the end of this month, traders claimed.

Mr Jeff Summers, analyst at Klesch & Co, the secondary debt company, said: "There has been a marked increase in activity in the secondary debt market in the last week."

However, secondary market debt traders would not give details of the size of the

participants in any recent trades that have taken place in Eurotunnel debt.

Last week Mr Patrick Ponsolle, co-chairman of the Anglo-French operator of the Channel tunnel, told the company's annual meeting that "we will have to bear the consequences" if a financial restructuring were not agreed by the end of this month.

It is understood that the company is close to agreeing an outline plan with the leading banks in the 25-strong syndicate which is owed \$3.8bn by Eurotunnel.

Eurotunnel carried a record number of tourist vehicles on its shuttle rail service in June, the first month of a summer cut-price fares promotion. The company said yesterday. This brought to 5.5m the number of

people using the tunnel so far this year.

Nearly 184,000 cars, coaches, caravans and motorcycles were carried through the tunnel last month, compared with just over 160,000 in May and 101,000 in June 1995.

The number of passengers travelling by Eurostar high-speed trains also increased, from 428,000 in May to 439,000 in June 1996 it carried 394,000.

Freight volumes last month also rose, with 48,000 trucks making use of the shuttle service, compared with 42,000 in the previous month, and 38,000 in June 1995.

Volumes carried on long-distance freight services rose to 227,000 tonnes from 209,000 tonnes in May and 153,000 tonnes in June 1995.

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends Company dividend	Total for year	Total for year
Adrian	12.1 (13.1)	0.154 (0.099)	4.11 (5.6)	0.8	July 14	0.5	1.3	1.8
Caroline	51.2 (53.8)	2.11 (1.5)	8.72 (5.5)	2	July 30	2	3	3
Flintlock	8.29 (8.25)	1.9 (0.72)	22.8 (8.22)	6	8	0.5	11	1
Flintlock 5	48.4 (47.4)	5.85 (5.5)	28.7 (27.7)	6	July 16	6	4.5	21
ICI Bank 6	37.1 (23.5)	2.08 (2.7)	10.88 (17.8)	2.5	Oct	0.1	0.125	5
Merrydown	30.3 (30.1)	3.33 (11.7)	103.1 (37.8)	11	1	1	1	5
Princess	1.98 (1.87)	0.17 (0.13)	1.3 (1)	1	Oct 16	1	1	5
Rescue's (Theory)								
Investment Trusts								
Amisano Tokyo	60 (55.9)	0.052 (-)	0.05 (-)	7	Aug 30	1.75	7	2.75
TH Technology	455.13 (211.29)	5.2 (3.32)	8 (2.47)	7	Aug 30	7	7	2.75

## Find out why so many expatriates look to RESIDENT ABROAD for help

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COMPANIES AND FINANCE

Further details emerge of row at Eurotherm

By Tim Burt and William Lewis
Further details emerged yesterday of a boardroom upheaval at Eurotherm, the industrial controls manufacturer...

non-executive directors had "squeezed" him out by suggesting he no longer had a role...

growth at Eurotherm, but the non-executive directors thought my position was untenable...

"Clas would then have liked to become non-executive chairman," said one.

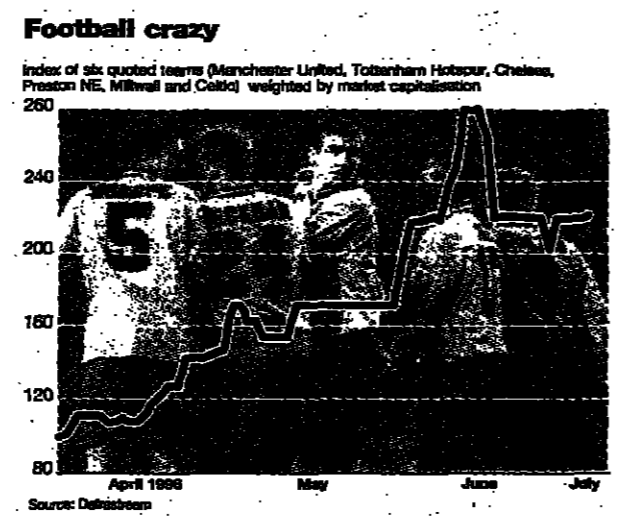
another shareholder. Mr Leonard, however, said it was "none of their affair" and added: "If they don't like it, they can know what they can do..."

Pirc backs non-execs in Emap dispute

By Raymond Snoddy
Dissenting non-executive directors of Emap, the media and exhibitions group, who are opposing proposed changes to the way the company is run...

There's City people on the pitch
Patrick Harverson on why football is moving to the financial pages

Euro 96 might be over, but football keeps grabbing the headlines - even on the City pages. On Tuesday one top club, Leeds United, agreed to be acquired by a publicly quoted media group...



looked at football as an investment opportunity, therefore you have fantastic undervaluation. Also, the owners and managers of football clubs have not looked at them as businesses, so you have even greater undervaluation.

Pearl gets DTI nod on orphan pay-out

By Motoko Pich
Shares in the life insurance sector jumped yesterday after the government approved plans by Pearl Assurance, the UK insurer, to distribute millions of pounds from its long-term life funds to shareholders and policyholders.

The majority of the board want to be able to remove directors when their resignation is requested by 75 per cent of their fellow directors in writing. They also want to remove a rule guaranteeing a minimum of five non-executive directors and set a new minimum of three directors overall.

Meanwhile, talks continued between the owners of Queens Park Rangers and Mr Chris Wright, head of media group Chronicle, who plans to combine the west London football club with Wasps rugby club in a new publicly-quoted sports group.

Pirelli, the Italian tyre and cable manufacturer, has spent £155m (£9.8m) on a 14 per cent stake in FC Internazionale, better-known as Inter Milan, one of the city's two premier league soccer clubs...

The investment builds on the friendship between Mr Marco Moratti, chairman of Pirelli, and Mr Massimo Moratti, chairman of Inter, - representatives of two of Milan's best-known industrial families.

As a sports investor, Mr Goldman is just as bullish on the prospects for football as a business. "I think that it's half-way through its growth. It's got a long way to go in England - there is more money coming in and the infrastructure is still developing."

The two non-executives opposing the changes are Mr Joe Cooke, former managing director of The Telegraph, and Professor Kenneth Simmonds, of the London Business School. They are being supported by Sir Frank Rogers, deputy chairman of the Telegraph, the former chairman of Emap who brought in the five non-executives in 1990.

The same explosion in revenues has attracted the interest of City institutions eager to invest in football club shares and public companies keen to buy clubs to maximise their profit potential.

The money needed to support the growth of the businesses is readily available on the stock market if clubs decide to pursue a flotation, such is the growing institutional interest in the sport.

Apax's request for funds to invest in a club, and media group Caspian had no trouble in rounding up 15 institutions this week to back the company's bid for Leeds.

Mr Michael Goldman, fund manager at Momentum Asset Management, which invests in sports businesses, believes institutions are waking up to the potential in football because the growth prospects are good and the cost of investing in the sport is low.

Mr Pirc took his decision that the changes were not in the best interests of shareholders after speaking to both sides at Emap. The consultants argue that under the new rules it would be possible for Emap to have just one non-executive on the board.

Also, the rapid growth in football as a business is putting pressure on clubs to raise large amounts of money to meet increasing wage and stadium costs and fund further expansion. Mr Ian Currie of Apax Partners, the venture capital firm currently advising

the sportswear and leisure group Conrad on the acquisition of a football club, says: "These businesses have now got so big they require funding beyond wealthy individuals."

He says: "What has happened is that the City has not permitted during the first four months of this year were only 3 per cent lower than the corresponding period last year. This represented a 15 per cent improvement on the final three months of last year."

corresponding period in 1995. Sales in April and May, however, were 1 per cent higher. Big sales falls earlier this year in the UK and France had also been either stemmed or eased.

Table with 4 columns: FT-SE Actuarial Share Indices - Quarterly Valuation, The UK Series, Market cap. as at 29/06/96 (£m), % of All-Share Index, Market cap. as at 29/12/95 (£m), % of All-Share Index. Rows include FT-SE 100, FT-SE Mid 250, FT-SE All-Share, and various industry sectors like Oil, Chemicals, and Pharmaceuticals.

Cantors joins up with Harveys

By David Blackwell
Cantors, the furniture and carpet retailer, yesterday agreed a reverse takeover with Harveys Holdings, the privately owned household textiles and furniture group.

Harveys should inject a shot of adrenalin into Cantors, which looks sleepy in comparison. The question is whether the merger of two complementary businesses can generate the "substantial cost savings" claimed - thought to be about £1m a year.

Scottish contract win for Care

Care UK announced yesterday that CHS Healthcare, its nursing home offshoot, had, with Grampian Healthcare NHS Trust, been appointed preferred bidder for the 52m Kincardine hospitals project.

Figures rounded due to slight rounding inconsistencies. \* Market capitalization figures published are following year end changes.

NEWS DIGEST

Newman Tonks' Norwegian sale

Newman Tonks Group, the architectural hardware company, has continued its disposal programme with the £16.5m sale of its Norwegian operations.

Harry Ramsden's 31% advance

Good results from Harry Ramsden's new restaurants offset a patchy performance from its established outlets and enabled the Yorkshire-based group, which claims the "world's most famous fish 'n' chips", to serve up a 31 per cent rise in interim pre-tax profits.

Whesoe vapour controls buy

Whesoe, the instrumentation and controls group, is paying up to £2.7m for a Cheshire-based vapour control products company.

Feedback deficit widens

Feedback, the USM-traded electronic and computer-based equipment group, suffered continued problems across its activities and saw pre-tax losses widen to £1.9m in the year to March 31.

Prospect Industries reduces loss

Prospect Industries, an engineering contractor specialising in pipes, cut its losses in the half-year to March 31, from £11.7m to £3.5m. Turnover edged up from £30.1m to £30.3m.

Scottish contract win for Care

Care UK announced yesterday that CHS Healthcare, its nursing home offshoot, had, with Grampian Healthcare NHS Trust, been appointed preferred bidder for the 52m Kincardine hospitals project.

UDO warning hits shares

UDO Holdings, the reprobographic services group, yesterday warned that falling business volumes and operating margins meant current year's pre-tax profits - excluding fixed asset sales - were expected to be only slightly better than last year, and lower than current market expectations.

Stentor signs AT&T deal

Stentor, the Aim-traded Irish telecommunications company, said its Stentor Communications subsidiary, had signed an interconnection agreement with AT&T Communications (UK).

In Brief

SUNDERLAND ASSOCIATION Football Club: NWS Bank, the Chester-based subsidiary of the Bank of Scotland, will lend Sunderland AFC £5m to help fund the building of its new stadium.

MARGINING... BENCHMARK GOVERNANCE... and other vertical text on the right edge of the page.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS Copper trading calmer

Calmer conditions prevailed in the London Metal Exchange copper market this week, in contrast to the extreme volatility that gripped it in the immediate aftermath of the Summit crisis.

The three months delivery position settled into a relatively narrow range either side of \$1,900 a tonne - the high on the week was \$1,948 and the low \$1,890 - and the cash premium remained close to the 50 cent to which it shrank last week.

Substantial falls in LME warehouse stocks of the metal - amounting to 6 per cent of the total - helped the market to consolidate, as did some modest consumer buying and speculative interest.

At last night's close the three months price stood at \$1,907.50 a tonne, up \$2.50 on the day but \$48.50 down on the week.

Trading in other LME contracts was also quieter. Tin was the only one to manage a rise of any substance and its \$87.50 advance to \$96.415 a tonne was attributed to technical factors.

At the London Commodity Exchange - rubia coffee futures came under selling pressure as concern about the possibility of damaging frosts in Brazilian growing areas faded.

The September delivery price ended yesterday at \$1,639 a tonne, down \$20 on the day and \$142 on the week. The bulk of the decline came on Monday and Tuesday, fuelled at first by confirmation that the Brazilian had enjoyed a frost-free weekend and later by predictions that the milder weather

there would continue for some days at least.

"All eyes are trained on [Brazilian] weather forecasts," a London trader told the Reuters news agency on Wednesday.

Conditions were quieter towards the end of the week, with the US market closed for the extended Fourth of July holiday, but the trend was still downwards as producer selling met little buying interest.

London traders said that, technically, the September position was thought to be exposed to a continuing fall to \$1,890. "If it breaks through there, we may see a sharp move down," said one.

The funds are the big short position holders in September, everybody knows that," a trader said, adding that there was a possibility of that position premium over the November price widening significantly as they tried to cover.

The LCE cocoa market ended a quiet week with a modest upward turn, though strong European consumption indicators failed to set off anything approaching a buying spree.

The September futures price finished at \$1,070 a tonne, up 56 on the day and 55 on the week.

A 26 per cent year-on-year rise was announced for UK second quarter output by the German firm to 59,471 tonnes was in line with expectations, traders told Reuters.

The exchange's white sugar futures eased back a little yesterday after moving cautiously higher earlier in the week. The rise had been led by pre-holiday book-squaring in New York, traders said, and it quickly lost momentum once that market had begun its long break.

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BASE METALS LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change, High, Low, Open, Close. Includes Aluminum, Copper, Lead, Zinc, Tin, Nickel, Silver, Gold, Platinum, Palladium, and various alloys.

PRECIOUS METALS LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change, High, Low, Open, Close. Includes Gold, Silver, Platinum, Palladium, and various alloys.

ENERGY CRUDE OIL NYMEX

Table with columns: Date, Price, Change, High, Low, Open, Close. Includes Crude Oil, Heating Oil, and Natural Gas.

PRECIOUS METALS LONDON METAL EXCHANGE

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PRECIOUS METALS LONDON METAL EXCHANGE

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Precious Metals continued

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GRAINS AND OIL SEEDS

Table with columns: Commodity, Price, Change, High, Low, Open, Close. Includes Wheat, Corn, Soybeans, and various oil seeds.

SOFTS COCOA LCE

Table with columns: Commodity, Price, Change, High, Low, Open, Close. Includes Cocoa, Coffee, and various soft commodities.

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WORLD BOND PRICES

Table with columns: Country, Maturity, Price, Change, High, Low, Open, Close. Includes US, UK, Germany, France, Italy, Spain, and others.

MARKET REPORT

By Lisa Branstetter in New York and Antonia Sharpe in London. Wednesday without raising interest rates - might raise rates before its next meeting on August 20, but most economists thought this unlikely.

US INTEREST RATES

Table with columns: Term, Rate, Change, High, Low, Open, Close. Includes Treasury bills and bonds.

BOND FUTURES AND OPTIONS

Table with columns: Commodity, Price, Change, High, Low, Open, Close. Includes Treasury bond futures and options.

LONG OIL FUTURES OPTIONS

Table with columns: Commodity, Price, Change, High, Low, Open, Close. Includes oil futures and options.

FT ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Value, Change, High, Low, Open, Close. Includes various fixed interest indices.

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MARGINED CURRENCY DEALING advertisement for Laurion, featuring a toll-free call number and details about managed accounts and margin deposits.

Advertisement for Laurion, a financial services company, highlighting their expertise in currency dealing and margin services.

Advertisement for Laurion, providing contact information and details about their currency dealing services.

Advertisement for Laurion, focusing on their margin currency dealing services and contact details.

Advertisement for Laurion, detailing their currency dealing and margin services.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700  
Saturday July 6 1996

# The UK's tax nightmare

Since the winner of the next UK general election will be a party of low inflation, low interest rates and tight spending, why is the bond market so gloomy?

The yield on 10-year UK government bonds eased a little this week, but at 7.9 per cent it is still very high compared with a subdued inflation rate of 2.4 per cent. The market, of course, is looking much further ahead, well beyond the next election. A comparison of the yields of conventional and index-linked gilts suggests that investors expect UK inflation of about 4% per cent.

This would not be high by historic standards, but it is surprising. First, there is a general expectation that inflation rates will remain low in the developed countries. The Organisation for Economic Co-operation and Development, for example, suggested in its latest Economic Outlook that European inflation might be no more than 2 per cent by the end of the century. And on the assumption that governments take seriously their Emu obligation to run tight budgets, the OECD believes inflation in the region might almost disappear.

Against this background, the next government is likely to run an anti-inflation policy so tight that it may well make the regime of Mrs Margaret Thatcher look wet. One of the candidates, Labour's Mr Tony Blair, made clear in his draft manifesto this week that low inflation would be a top priority, not just for its own sake but as part of his strategy for stimulating growth and cutting unemployment.

Whether he wins or loses, the strategy will be the same, give or take a few million words of rhetoric. One reason is that the options open to the British government - to any British government - have narrowed.

## Sound footing

Yet the market fears that putting government finances back on a sound footing will prove more difficult than politicians expect. Next week the Treasury is due to issue its summer forecast which will doubtless predict that spending and taxation are on course to return to balance before the end of the century. And politicians will argue that if the economy can continue to grow, perhaps accelerating next year to a rate of 3 per cent to 3½ per cent, while public spending is kept in check, the deficit surely will come down.

The market's worry is: will the reduction be enough? There are growing fears in the City that the belt-tightening of the past two years will not close the gap

between taxation and spending. This anxiety was prompted initially by a persistent shortfall of government revenues compared with recent Treasury forecasts. Last year the Treasury underestimated revenue by some £10bn; and although tax receipts are notoriously hard to predict, it is now widely believed that the tax base has shrunk, reducing government receipts by perhaps £4bn to £5bn, chiefly because of difficulties in collecting value added tax. Government revenues have also been reduced by a number of schemes introduced when the fiscal climate was warmer. Tassas, Peps, share options and other ways of reducing the tax burden of savers and investors.

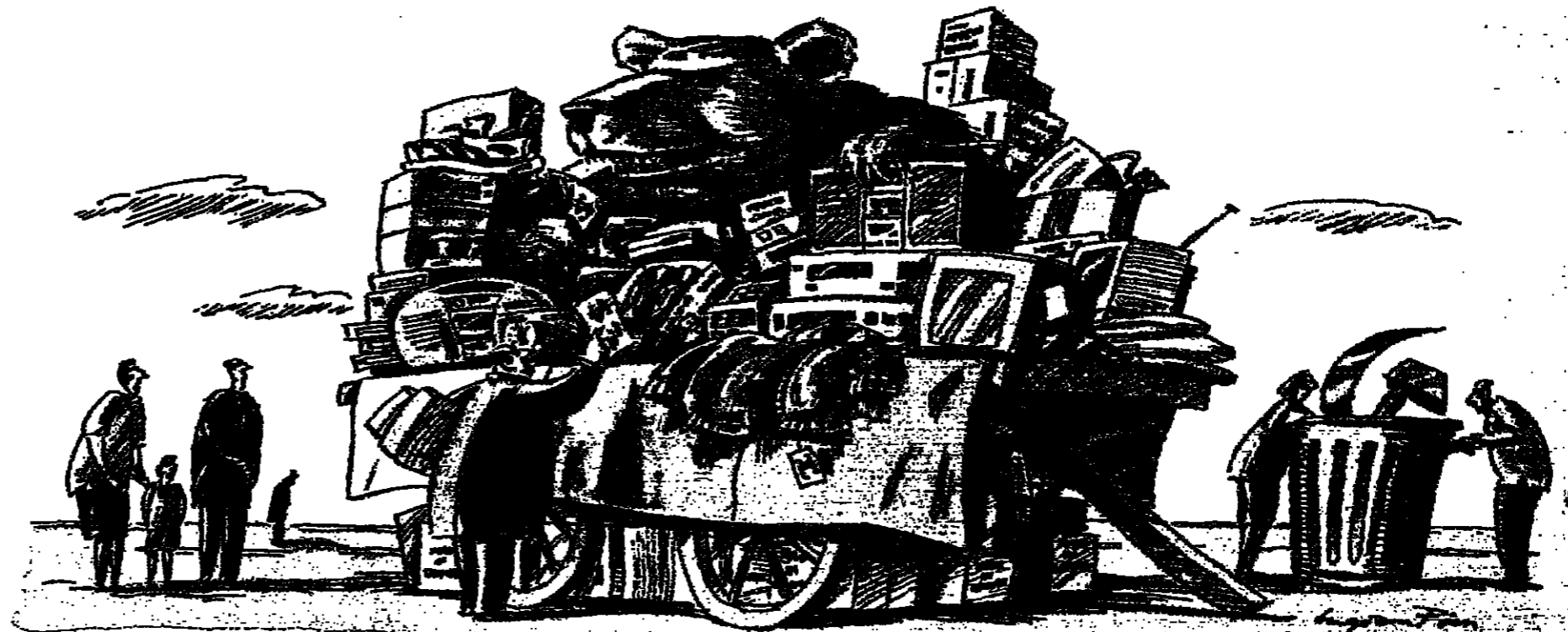
## Other possibilities

More recently City analysts have begun to look at other possible holes in the government's financial position. What happens, for example if economic growth decelerates, reducing tax revenues and pushing up benefit payments? Could the present extremely tight public spending totals be maintained by a government of either colour?

Only a small dose of pessimism on these subjects can have a large effect on the fiscal hole which the government will have to fill. IBS Research, for example, believes the government deficit might be 5 per cent of national income by the end of the decade, far above the 3 per cent limit set for those countries which want to join Emu in 1999. According to this analysis, an incoming government would need to raise taxes by the equivalent of some 7p on income tax. Another analyst thinks taxes will need to be raised by £10bn.

It will be tempting for ministers to see this as pessimistic. It might be said, for example, that few predicted in 1986 that the government's finances would be transformed into a surplus of more than 1 per cent of national income in 1989.

However, such gains are not always sustainable. That surplus was just as rapidly reversed, into a deficit of nearly 8 per cent five years later. If, fuelled by such fears, the market remains gloomy, it will push long-term interest rates up, just the opposite of what is needed to stimulate economic growth under a tight fiscal regime. So the man who intends to be the next prime minister must tell his followers: "We will not cut taxes; we may need to raise them." Saying that requires courage - but the markets, at least, should be prepared to reward it.



# Russia's market at a crossroad

Yeltsin's victory offers the country a chance to make a decisive break with the depressing legacy of the past, says Quentin Peel

It is not only Mr Boris Yeltsin who is exhausted. The whole of Russia seems to be suffering something of a relapse after the excitement of the election campaign.

There is an air of slight bemusement or disbelief. It is not so much that President Yeltsin won, which was always the probable outcome in a straight fight with a grey Communist hussar. It is more that the whole thing happened at all, that the elections were carried through without anyone calling them off, and that they also seemed to be remarkably free and fair.

In a country obsessed by conspiracies, and still very suspicious of the democratic process, it all seems too good to be true.

"Democracy triumphs," the newspaper *Izvestia* trumpeted on its front page yesterday. "What next?" That indeed is the question. Old Russia appears to have been defeated. But what will be the nature of New Russia? Few have any idea of the answer, or, if they do, they are not sure they like it.

"By itself, Yeltsin's victory is an enormous achievement, regardless of what he does," says Mr Yegor Gaidar, the president's first reforming prime minister, who now runs his own economic institute. "It makes the victory of the Communists in Russia practically impossible, at least in their present form."

"But now we are facing the real struggle on the form of capitalism we will adopt. Either it will be a very corrupt and very unethical capitalism, or it will be modernised, law-based and liberal. The choice depends on Yeltsin."

A western banker in Moscow is much more cynical. "This was a contest of the crooks against the communists," he says. "The crooks

won. But I must say that I prefer to have a few casual contract killings to mass executions."

His words are perhaps unfair, but they are also disturbingly close to the truth. The reality of Russia today is a combination of dramatic change and depressing continuity, two hostile worlds co-existing.

Between them has arisen a whole new class of entrepreneur, many of whom have made millions from the privileged purchase of state assets. In a society which once prided itself on its uniform drabness, and where the perks of the ruling classes were hidden behind barred wire and closed doors, the new elite flaunts its wealth for all to see.

The change is visible in the shops and markets, not only in the big cities but also in the provinces. The chronic shortages of Soviet times, when even the most basic commodities were often unobtainable, have vanished, to be replaced instead by a bewildering variety of consumer goods. Most of them are imported and on sale at high prices - but they are available.

In the grimy industrial town of Serpukhov, some 50 miles outside Moscow, the market boasts at least 10 varieties of fresh fish - impossible to find five years ago - meat and sausages and fresh vegetables. There is still upon stall of cheap and colourful clothes, mostly manufactured in Turkey, shoes from China, and a host of pots and pans.

On polling day, the market was packed with shoppers picking their way through a dozen brands of detergent where once they were lucky to find a bar of soap.

The trouble is that at the other end of town, another reality exists. "When all these goods appeared two or three years ago, it was wonderful, and people felt comforted," says

Mr Albert Mashkov, a retired colonel and Communist party supporter. "But just after that, most enterprises stopped work. Now it is like a museum. Workers don't get paid for months. People buy what they really need, but it is resented."

He is convinced all the old shortages were created artificially, to Communism is again a reality in Russia. We believe that civil war is a reality. We need to stop the tension which exists in society. It is not possible to solve this problem through elections."

Russia's new capitalists are certainly unlike any of their counterparts in the west. Almost all emerged from the heart of the Communist system. In spite of the millions they have made, they still pay lip-service to many of the old values. And yet they are living a life of luxury.

Mr Berezovsky, who looks rather more like a bookmaker than a banker in brown jacket and grey trousers, receives his visitors in a suite of reception rooms, boasting everything from a grand piano to a bar, and a flock of otherwise unoccupied servants.

He spent the first 25 years of his career in an institute of computer sciences, ending up working on a computer design system for AvtoVAZ, the manufacturer of Lada cars. "I was never a dissident. I was a member of the Communist party," he admits. But his link with AvtoVAZ led to a joint venture to import Mercedes, Hondas and Chrysler cars which has proved the key to his new-found wealth.

He admits there is resentment against the new rich, and believes it will be a good thing to have a strong Communist opposition, "because the rich have to share their wealth". And yet he is against any regulation which would enforce greater transparency on the

new Russian business empire. "I do not think we will follow such rules," he says. "We really are not Europe, we are a little bit Asia; more Asia than Europe. The rules are different in Korea and in Japan. We have to take into consideration our national peculiarities, and formulate a limit on rules for the market economy."

Mr Berezovsky clearly has a very big stake in ensuring that the Yeltsin regime survives. Yet hostility towards big businesses like his undoubtedly contributed to the support for Mr Zyuganov in the election.

Mr Gaidar is convinced that it was rather a new sort of modest middle class which delivered victory to Mr Yeltsin in the end. "I would define it as those with private cars and private dachas," he says. "Many people have become dependent on private property. Either they voted for Yeltsin, or they endangered their new way of life. I think fear was the most important factor in this election."

Mr Andrei Koryev, the former foreign minister, is convinced there is still a chance of setting clear rules for a liberal economy: "It could be a type of third world, oligarchic, corrupt communism, especially with the Russian tradition of a corrupt bureaucracy," he says. "It might lead to a Latin American scenario of armed groups behind big financial bosses, striving for access to government and finance."

"But there is still a chance of moving more vigorously to a more liberal economy. There is a sense of victory of something reformist over something anti-reformist in these elections. There is an opportunity now, but it is up to Yeltsin to seize it. We will try to persuade him to do that."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5338 (please set fax to 'fax'), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

### Nuclear tests

**From Mr Dave Andrews.**  
Sir, A considerable amount of opprobrium was heaped upon India as the deadline for the agreement of a comprehensive test ban approached. It is interesting, therefore, to note the words of Jules Moch, the French representative to the 1987 London Disarmament Conference nearly 40 years ago and three years before France itself exploded its first bomb. He said: "The French parliament would doubtless refuse to ratify an agreement under which France would renounce for all time the right to become an atomic power while the three existing atomic powers were permitted to continue unimpeded their nuclear armaments race... If we are asked to undertake never to hold any (nuclear) tests, we shall reply: 'Yes, provided you yourselves undertake to end the nuclear armaments race.'"  
Plus ça change, plus c'est la même chose.

Dave Andrews,  
31 Acton Road,  
Wrexham, LL11 2NA, UK

### More than trust influencing investment

**From Mr Martin Thomas.**  
Sir, Stephen Knack makes a strong claim when he writes (Personal View, June 26) "... erosion in trust and civic behaviour can affect [national] economic performance...". His article makes a strong case that personal trust and investment rates are correlated, but he presents only one piece of evidence that declining trust "causes" lower investment levels - the evidence that a decline in trust shortly preceded a decline

in investment levels in the US in the early 1970s. It seems possible that lower trust and lower investment are both caused by a third factor. For example, more global trade means that investment that would historically have been made in the US is now made in Europe and Asia; at the same time, the greater movement of people means that there is less personal identification with one's current domicile and neighbours.

Unless Professor Knack has better evidence than he presents, surveys of personal trust might be a narrowly leading indicator of changes in investment patterns but there are probably better models to be found.

Martin Thomas,  
partner,  
Deloitte and Touche Consulting Group,  
20 Mansvers Street,  
Bath BA1 1PX, UK

### Tough water standards are being met in UK

**From Mr John Sexton.**  
Sir, Your report on compliance with European Union pesticide levels in the water supply fails to give a balanced view of water quality in the UK and in the Thames Water region in particular ("Quality of drinking water too low, say EU officials", July 3). Drinking water in London and throughout the region is among the best in Europe, meeting the strict standards set by the UK

government which fully incorporate the requirements of the European directive. Since privatisation, standards have improved radically and this year the independent external regulators have judged our compliance with quality standards at 99 per cent. Pesticide levels set by the EU are particularly stringent at one part in 10bn - equivalent to a drop in an Olympic-sized swimming pool - and

not based on effects on health. Nevertheless, we have invested £350m in advanced water treatment to meet even these tough standards. Already, 99 per cent of our test results for pesticides comply with the standard.

John Sexton,  
environment and science director,  
Thames Water Utilities,  
Nugent House, Vasterna Road,  
Reading, Berks RG1 8DB, UK

### Leap in right direction

**From Mr Brian Reading.**  
Sir, What difference does a day make? My letter (June 27), which claimed that leap day accounted for more than half (1.7 per cent) of Japan's (3 per cent) gross domestic product growth between the fourth quarter of 1995 and the first quarter of 1996, sparked a modest rumpus. Richard A. Werner (Letters, July 1) described this as "a bit much" as "leap days are not introduced at short notice", while Anatole Kaletsky (The Times, July 2) pointed to a mistake in my calculation.

Although most Japanese work five-day weeks, many activities are performed seven days a week. In these, the extra day added one nineteenth (1.1 per cent) to first quarter output, not one fifty-ninth (1.7 per cent). The split, judging from GDP statistics by activity, is roughly half and half. This gives a lower estimate (1.4 per cent) for the leap day effect, but still nearly half first quarter growth.

Fortunately, this issue should be settled when second quarter numbers appear in September. However much leap day increased first quarter output, second quarter output will be that much lower. So if leap-day-corrected growth was 1.6 per cent in the first quarter and if this rate continues in the second quarter, uncorrected second quarter growth will be virtually zero. I may be wrong, but if not, those who dismiss the leap day effect will presumably then claim that Japan's remarkable recovery has been remarkably aborted.

Brian Reading,  
83 Shakespeare Tower,  
Barbican, London EC2Y 8DN, UK

### Advisory committee ensures sophisticated monitoring of genetics issues

**From Sir Giles Shaw MP.**  
Sir, Clive Cookson's article "Genetic conflict" (June 27) covers a variety of issues surrounding research into human genetics, such as patenting, genetic testing and the use of genetic information. The House of Commons science and technology committee has conducted two inquiries into human genetics, both of which recommended that there should be a framework for dealing with the dilemmas Mr Cookson describes. In

its reply to the committee's first report on the subject (published on January 10), the government announced that it would establish an advisory committee on genetic testing to "advise on the ethical, social and scientific aspects of genetic tests...". While it welcomed this body, the committee felt that there was still a requirement for an overarching body to reassure the public that the wider implications of this new science were being properly

considered. The government responded on June 17 by announcing the setting-up of a human genetics advisory commission to "report on issues arising from new developments in human genetics that can be expected to have wider social, ethical and/or economic consequences...". Thanks to the government's readiness to reconsider its initial negative reaction, the UK should soon have the most sophisticated

system in the world for considering the issues raised by genetics. It is vital the public is made aware of the existence of these bodies since public confidence in the oversight of genetics will be essential if we are to reap the benefits of these important scientific developments.

Giles Shaw,  
chairman,  
science and technology committee,  
House of Commons,  
London SW1A 0AA, UK

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**Opening Service**

WINDMILL TOWER CHAMPAGNE	24 June - 7 July
BRITISH AIRWAYS	26 June
VEUVE CLICQUOT CHAMPAGNE	28 June - 31 July
HEATLEY BROS. REALTY	1-7 July
3RD COMMERCIAL DISTRICT	4-9 July
HANFORD COURT PALACE INTERNATIONAL FURNITURE SHOW	8-14 July
BRITISH AIRWAYS CITY FERRY, LONDON	13 July
BRITISH GRAND PRIX, SILVERSTONE	14 July
CLUBHOUSE CHAMPAGNE	30 July - 1 August
SAL CUT CUREL, HICESTADEN	12-18 August

**Veuve Clicquot**  
CHAMPAGNE OF THE SEASON

Handwritten signature: جليل جليل



Man in the News: Necmettin Erbakan

Fairly fundamentalist

John Barham on the new-found pragmatism of Turkey's Islamist premier

**N**ecmettin Erbakan has spent most of his life on the margins of Turkish politics. Apart from a brief spell in power as a junior coalition partner in the 1970s, he and his Islamist supporters were relegated to the outer reaches of extremist politics for decades.

Now 69, he has achieved the seemingly impossible. Thanks to his own opportunism and the disarray among his secularist adversaries on the right and left, his Refah party has become Turkey's biggest political party - and he has fulfilled a lifetime's ambition by becoming prime minister.

Yet after assuming power last weekend, instead of launching into one of his familiar tirades against the infidel, Zionists and their Turkish lackeys, Mr Erbakan surprised both friend and foe with declarations of reverence for Kemal Ataturk, founder of the secular state. "The essential basis of [the government] is that the Turkish Republic is a democratic, secular and social state based on law and the principles of Ataturk," he said.

He was quick to reaffirm a controversial defence agreement with Israel which he once condemned. And he turned over responsibility for defence, the economy and for-

ign affairs to Mrs Tansu Ciller's conservative True Path party, his junior coalition partner. He has made every effort to ease the suspicions of Turkey's politically powerful generals, who it was feared would never allow an Islamist government to take power.

Mr Erbakan can only be certain of his grip on power on Monday, when parliament holds a vote of confidence which neither the government nor the opposition is sure of winning. Turks and the outside world wonder which will be the true face of his government: the new, pragmatic Erbakan or the fundamentalist rabble-rouser of old.

It was only in March, after all, that he fought government plans to curtail religious education by saying: "Do not wage war on the people. The religious freedom of the people cannot be compromised. Hitler, Mussolini and Stalin came to nothing because they struggled against the people and their beliefs."

Yet Mr Erbakan never made

an entirely convincing extremist. His delivery is avuncular and witty and his speeches couched in sometimes confusingly archaic language. He has a penchant for sober suits and loud, flowery ties but has never been seen wearing a beard or the flowing robes of many a Moslem hardliner.

Nor does Mr Erbakan hide his wealth or love of luxury. The extravagant wedding reception he laid on at Ankara's Sheraton hotel for his daughter shocked the party's more austere supporters. He included a personal stockpile of 128kg of gold among his possessions in a parliamentary register of assets.

Ambition appears to be as powerful a motivating force for Mr Erbakan as for any other politician. He struck a coalition deal last week with Mrs Ciller even though he repeatedly accuses her of corruption and incompetence.

For her part, Mrs Ciller once promised: "We will not make a coalition with Refah... Refah in power is very dangerous

for the country. They should be stopped." Now Mrs Ciller says only True Path can moderate the Islamists' extremist tendencies in a coalition.

Political columnists often say Mr Erbakan is determined not to allow his only chance of gaining power to slip through his fingers. He will soon be 70 and would probably be shouldered aside by younger and possibly more radical candidates for the party leadership should he fail.

While Mr Erbakan will probably avoid pursuing Islamist policies, it is too simplistic to divide Turkey - with a population that is 99 per cent Moslem - into opposing secularist and Islamist camps or to dismiss his vote-buying as crude exercise in power-grabbing.

Mr Erbakan is as much a nationalist as any of his secular rivals. Like the Ataturkists, he venerates the state as the embodiment of national power. Like secularists on the right and left he harbours deep suspicions about the west's

intentions towards Turkey. He has also been described as an "Ottoman nostalgic" who harks back to an imperial past when Turkey inspired respect and was ruled by a powerful state imbued with Islamic values. Mainstream politicians, including Mrs Ciller, also play on their Moslem values and Turkey's past greatness.

Mr Erbakan was born in 1926 in the early years of the republic, one of six children and the son of an itinerant Ottoman judge. He graduated with honours from Istanbul Technical University and took an engineering doctorate at Aachen Technical University. It was there that Mr Erbakan says he helped design engines for the German army's Leopard tanks.

Back in Turkey he went into business and began dabbling in politics. He became an independent MP from Konya, one of Turkey's most religiously conservative cities, in 1963. He then founded the first of a series of Islamist parties. Fol-

lowing a 1971 military coup, the generals banned him from politics. He soon returned with yet another party which served in three short-lived coalition governments only to be banned again in 1980 after another coup.

He founded Refah in 1987 but for years it languished as a minor force in Turkish politics. That changed in 1994 when Refah captured Istanbul and Ankara in local elections. In general elections last year it became the largest party, taking 21 per cent of the vote and opening the way for its control of the government.

Follies say Refah owes its success more to the diligence and discipline of its grassroots organisers than to a widespread sympathy for its Islamist message. Rather, it is Refah's populism and firm stand against the corruption and incompetence of previous governments that has driven it forward, particularly among the dispossessed struggling to survive in big-city slums.

However, it is easy to forget that Refah is a broad movement which embraces Mr Erbakan's pragmatic, nationalist group and shadowy pro-Islamist extremist factions. The longer the government lasts in power the clearer his true intentions - and the extent of his control over the party - will become.



road  
ative break  
n Peel

**T**he summer sunshine may be late in coming to northern Europe this year. But the carmaker's carmakers seem convinced that brighter skies are on the way, with the launch of a crop of convertibles after decades in which the open-topped car appeared to be on its way out.

Fiat, Italy's largest car manufacturer, which can at least rely on dependable Mediterranean summers, now has three in its stable, including an up-market Alfa Romeo. Three years ago, it had just one.

Rover, based in the less reliable UK climate, has also returned to making convertibles with its mid-sized engine sports car under the revived MG brand. And BMW, Rover's German owner, has just started selling a competitor to the MGF, the US-built Z3.

The new convertibles are a symptom of the increasing trend in the wealthier economies towards niche cars. In these markets, growth in demand is slowing as car ownership reaches almost saturation levels. With sales stagnant and competition for conventional four-door family saloons rising from new Asian carmakers, established manufacturers are turning to new types of car to protect sales.

There is a fragmentation in terms of consumer tastes; people want to be more individualistic and pursue a changing lifestyle. That is leading inevitably towards differing vehicles," says Mr Henry Wallace, new president of Mazda, the Japanese carmaker.

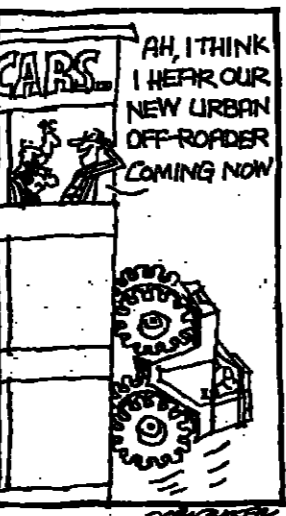
The trend has been most pronounced in Japan, where sales of traditional family saloons have fallen sharply in the 1990s. By contrast, demand has soared for alternative cars, collectively called "recreational vehicles". These range from relatively conventional station wagons to specialist vehicles for city-dwellers and large families. At last year's Tokyo motor show some makers even unveiled "concept cars" designed for forest-dwellers and winter sports fans, with wood paneling and special snow tyres.

In Europe, one of the most successful innovations in the new breed of vehicles typified by Renault's tiny Twingo and Fiat's second-generation Cinquecento. The two cars offer cheap motoring and need little space in congested cities - and offer a strong dash of chic in their striking designs. Renault has sold nearly 700,000 Twingos since its introduction in March 1993 while sales of the Cinquecento have reached about 680,000 since 1991.

The success of the Twingo and the Cinquecento has

Drive for a niche

Haig Simonian on why the open-top is in fashion with the carmakers



oping a mid-sized MPV based on its Bravo/Brava range. And French journalists have speculated that Peugeot, Renault's arch-rival, has a similar plan.

Drivers more interested in performance than payload can find equally unconventional choices in the four-by-four off-road sports utilities. Once limited to the utilitarian Land Rover, such vehicles have been one of the fastest growing segments of the car market.

The success of Land-Rover's luxury Range Rover has encouraged Jeep, the Chrysler subsidiary, to market its popular Grand Cherokee in Europe. The choice of luxury sports utilities will widen next year with the arrival of Mercedes-Benz's US-built M-Class range.

Japanese carmakers, meanwhile, have created a separate niche for more economical off-roaders. Toyota set the trend with its stylish RAV4 which has sold far in excess of the company's original forecasts. In Europe alone, RAV4 registrations tripled to almost 30,000 last year, while in the UK sales soared by 37 per cent to almost 500 units last month. Honda has had similar success with its CR-V.

Even Land-Rover, which previously disdained off-roaders for city-dwellers, has plans to launch a cheaper new model next year.

More open-top sports cars are on the way. Porsche, the German luxury carmaker, will launch its Boxster in October - its first new car for more than a decade. It says more than 13,000 customers - equivalent to about six months' production - have already paid a deposit to make sure they are among the first to be seen driving the new playthings.

Mercedes-Benz, Porsche's Stuttgart neighbour, claims demand will be even stronger for its SLK which will be launched in Florence next week. The initials stand for schnell, leicht, klein (fast, light, small). The vehicle is designed to appeal to younger drivers and rejuvenate Mercedes-Benz's image from that of a maker of stolid limousines.

Jaguar, the Ford subsidiary based at Coventry in the UK, will offer a convertible version of its four-litre V8-engined XK8 coupe which goes on sale in October. And Lotus, the sports carmaker based at Norfolk in England, will launch the Elise, a lightweight sports car.

Whether Europe's motorists are yet ready for such a plethora of open-topped vehicles remains to be seen. But even if the summer skies stay cloudy the sleek convertibles retain their ability to attract customers into the showrooms.

Fat cats get more cream

Greenbury has had an unexpected impact on the pay of utilities' directors, says William Lewis



Calling for a revolution: (from left) Michael Angus, Richard Greenbury and Iain Vallance

**I**t is almost a year since the Greenbury committee on executive pay published its report calling for a revolution in the way UK companies set and disclose the pay of their directors.

After months of effective campaigning by Mr Gordon Brown, the Labour party's shadow chancellor, on the remuneration packages awarded to directors of privatised companies, the government hoped the report would neutralise the so-called "fat cat" issue.

A year later, companies are being much more open about how much their directors are paid and how the sums are set. But members of the committee are increasingly concerned that little appears to have changed in the remuneration practices of privatised utilities.

Indeed, several privatised utilities last week disclosed salary increases for their directors of up to 69 per cent. Yorkshire Water astonished many MPs by stating that "previous remuneration terms were not competitive".

That these decisions were taken as a result of reviews inspired by the Greenbury report is an irony not lost on committee members. Although its recommendations cover all public companies, it had been set up "so the government could be seen to be doing something about the utility directors", one committee member said last week.

Chaired by Sir Richard Greenbury, chairman of Marks and Spencer, the retail group, its remit was to devise new rules to reduce public concern over directors' salaries and share option bonuses. The committee concluded that all the privatised water and energy utilities should review their remuneration packages and adjust them if necessary.

There was little doubt, the report said, that the remuneration committees of several companies had "developed, perhaps unintentionally, remuneration packages that are richer than is required to recruit, retain and motivate quality managers".

To the surprise of several members of the committee, the annual reports and accounts of several privatised utilities sent out last week indicate that the reviews carried out by several of the remuneration committees found nothing wrong.

The report of the remuneration committee of United Utilities, owner of Norweb and North West Water, states: "The remuneration of executive

directors, to set executive directors' pay. Their findings should also be explained in full in the annual report alongside comprehensive details of directors' emoluments, including pensions. Stock exchange rules were amended to ensure companies are obliged to tell shareholders whether they comply with these recommendations.

"The process has become very much more transparent," says Sir Michael Angus, chairman of Whitbread, the brewing group, and member of the committee. "The Greenbury report was not about levels of pay, but the process."

Pay consultants say that underneath the plethora of pay information which companies have to provide under stock exchange rules, there is evidence of patchy compliance with some of Greenbury's suggestions on remuneration best practice. But companies are permitted to ignore these if they explain why in their annual reports.

Rolling contracts, of two years rather than one, remain the norm for directors at large public companies. And institutional investors remain keen on annual bonuses for directors, in spite of Greenbury's concerns that they encourage the pursuit of short-term gains.

For Sir Stanley Kalms, chairman of Dixons, the electrical retailer, and scourge of strict corporate governance rules, such flexibility is welcome: "We are cherry-picking the options really [while] still keeping to the core."

Committee members argue that companies which take a selective approach are storing up difficulties. As one member says: "Our recommendations were not for fun. We produced them because we believe that companies should follow them to achieve best practice. And, more importantly, to avoid worst practice."

Greenbury members fear that unless companies comply with the best practice guidelines, the fat-cat issue could return to the headlines, this time leading to tougher, mandatory rules.

Yet perhaps the most important change since the Greenbury report's publication has been the reduced interest now shown by the Labour party in the issue of executive pay. As one Greenbury member puts it: "The degree of noise about executive remuneration has decreased quite dramatically as a percentage of the general corporate governance issue."

Additional reporting by Jim Kelly

Pay is the chosen option

**I**n the father-than-ever bright blue reports of most UK water companies this week, share options were out and pay rises - fully self-justified - were in.

All the companies had carried out the comprehensive pay reviews recommended by the Greenbury report. They have agreed to limit the pay of their executives to either in line with the market average or below it.

The newly formed companies covering several utilities have awarded the largest pay increases. Hyder, the Welsh water and electricity company, granted a 69 per cent pay rise to Mr Graham Hawker, chief executive, taking his basic pay to £225,000 a year. Mr Grant Hawkins, chairman of the company's remuneration committee, reminded shareholders that "rewards for directors of the group have hitherto been amongst the most modest in the utility sector".

Mr Brian Staples, chief executive of United Utilities, formed after North West Water took over Norweb, pointed out that the median pay of a chief executive in a comparable group was £50,000 a year more than his own £300,000.

Share option schemes have largely been replaced by long-term incentive plans (LTIPs) based on total shareholder return - reflecting

share price and dividend performance compared with a variety of companies in other sectors.

Anglian Water has proposed a scheme which could see executives receive an additional 45 per cent of basic pay if targets are met when compared with the nine other independent water groups.

One chief executive, who refused to be named, had been reluctant to abandon share options but admitted that "for the time being share options are regarded as not being the best way to incentivise people by society".

Jane Martinson

Tory attempts to scare voters off Labour have fallen flat but Tony Blair is still trading carefully, says John Kampfner

Conservative blues over the red peril

**T**he battle lines have been drawn. In the words of Mr Tony Blair, the Labour leader, the next UK general election will be a contest between hope and fear.

It is an assessment from which few Tories would demur. Mr Blair will spend the coming months seeking to instil hope among voters who feel betrayed by the Conservatives but who doubt whether a party out of office for 15 years can ever be fit to govern. The Tory aim is to instil fear, to gnaw away at those who suspect that a Labour government would erode living standards. This week, as campaigning began, the slogan said it all: the opposition's "New Labour, New Life for Britain" versus the Tories' "New Labour, New Danger".

The trouble for the Tories - as with so many of their efforts to wrest the initiative from Mr Blair's smooth public relations machine -

was that their latest gambit was panned by the critics: the parodying of Labour by a comic double act of Mr Brian Mayhew, the irascible Conservative chairman, and Mr Michael Heseltine, the stoic deputy prime minister, earned only a few embarrassed laughs.

The message, as outlined by Mr Heseltine, was that Mr Blair could be even more dangerous than his predecessors, Mr Neil Kinnock and Mr Michael Foot. The stakes, he said, were now higher. The global economy would trample over a statist Labour approach, while much of the expensive employment protection the Tories dismantled in the 1980s would be reinstated through the European Union. The latest poster campaign devised by

the Tories' advertising gurus, among them Mr Maurice Saatchi and Sir Tim Bell, depicts a sinister pair of tiny eyes peeping out from a blood-red curtain. These were not Mr Blair's, strategists said, but an ubiquitous, anonymous red peril.

While the presentation may have left something to be desired, Tories believe their strategy is now in place. Mr Ian Duncan-Smith, one of the brighter of the new intake of Tory MPs seconded to party headquarters, says the negative campaigning is a slow-burning fuse. "We were never going to be able to break through the Labour glass overnight," he says. The plans have been developing since the start of the year.

According to Mr David Willetts, the cabinet office minister who is

taking a prominent role in the election fight, the aim is threefold:

- To tell disgruntled Tory voters that they have come out of a rough patch and that the economy is picking up. This inspired the high-risk advertising campaign slogan "Yes it hurt - yes it worked", the results of which are still unclear.
- To demonstrate that the government still has radical ideas, by pointing to future legislation on tougher sentencing, more choice in schools and reform of long-term care for the elderly.
- To warn voters that they now have something to lose if Labour comes to power.

This last point has caused the greatest anguish for Conservative strategists. For months, party spokesmen contradicted each other on

their interpretation of Labour. At one point Labour was supposed to be a pale imitation of the Tories. This slant was eventually dismissed as no good, as it reinforced the view that Mr Blair was no longer beyond the pale for the Daily Mail-reading Middle England. An attempt to highlight divisions between Mr Blair and his leftwing followers merely reinforced the impression of Mr Blair as a strong man - who might be contrasted with prime minister John Major, the ineffectual compromiser. So the Tories settled on the line that Mr Blair and the party are as one, that they have changed, but that some of the new policies they have adopted - notably constitutional reform - could make them even more harmful.

For Mr Blair, much of the hard

work has been done. The most problematic policies have been ditched or watered down beyond recognition. The launch of *Road to the Manifesto*, the pre-election statement of principles proceeded flawlessly. The rebellion over his furtive move to force his party to accept a referendum on Scottish and Welsh devolution fizzled out - as with so many before. Resentment has been stored up, and scores might be settled in government, but that is a problem he will deal with at the time.

Yet, with 10 months possibly still to go before a general election there are pitfalls aplenty for Mr Blair. He must keep his party from bickering, as it is wont to do. He must portray it as safe, but not sterile. His main challenge is to prevent Mr Major

from shutting politics down over the holiday period, re-emerging with a strong Tory conference performance, followed by a populist Queen's speech and a tax-cutting Budget. "We've got to keep attention focused throughout the summer," an aide to Mr Blair says. Apathy will work against Labour, which needs to convince voters of its message: "Time for a change."

With that in mind, Mr Blair has embarked upon his most ambitious plan yet to get out and about in the country, starting yesterday in Gloucester. On Thursday evening, following a party political broadcast, television viewers were invited to telephone Mr Blair and talk to him. According to Labour, more than 120,000 people tried to do so. Mr Major's problem is that not only does he have to stop people going over to Labour, he has to win them back, and quickly. There is little sign, so far, of that.

CURRENCIES AND MONEY

MARKETS REPORT

Dollar firm

By Philip Gwilt

The dollar yesterday managed to withstand the impact of plunging asset markets after a stronger than expected payroll report re-awakened fears of a rise in US interest rates.

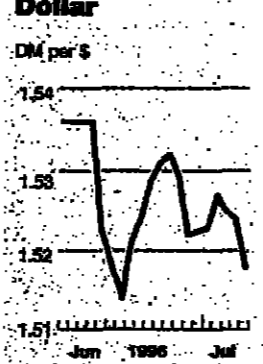
three of the past four months, a more significant dollar reaction had been evident once bond markets had stabilised.

The concern after the report was that the 1994 scenario might be repeated whereby the perception that the Fed tightened too little too late was instrumental in the subsequent slide of the dollar from DML74 to DML24 a year later.

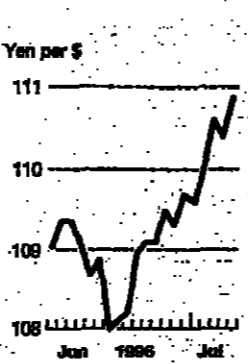
"The danger here is that absent Fed tightening tonight, the talk on Monday will be of a 'Fed behind the curve', with potential negative dollar connotations," said Mr Ray Attrial, analyst at 4CAST.

In stark contrast to the strong US figures, Canada experienced the biggest rise in unemployment since 1982.

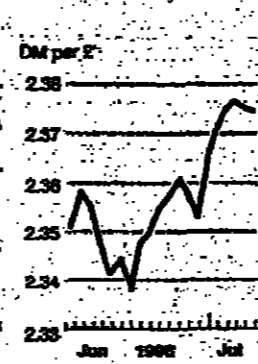
Dollar



Sterling



D-Mark



Mr Dave Abramson, analyst at the Bank Credit Analyst in Montreal, said the message was clear: "The Canadian economy is turning up from a lower level than in the US and monetary policy will be appropriate to that."

Two surveys of forex market participants show that the market remains very bullish about sterling, and even more negative about the yen.

"This alone makes us sufficiently nervous to warrant caution about short yen in the coming days/weeks," said Mr Mike Gallagher of IDEA.

cent of respondents believe the pound will rise above DML28, with very few believing it will fall, the dollar is much more even with the dollar.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for Country, Currency, and various market data points for the Pound Spot Forward.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for Country, Currency, and various market data points for the Dollar Spot Forward.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Table showing exchange rates for various currencies including DM, Yen, and others.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

UK INTEREST RATES

LONDON MONEY RATES

Table showing London money rates for various instruments.

STERLING FUTURES (DML) 250,000 points of 100%

Table showing Sterling futures data.

PHILADELPHIA 6E 2/8 OPTIONS

Table showing Philadelphia 6E 2/8 options data.

EUROBANK OPTIONS (LFF) DM1m points of 100%

Table showing Eurobank options data.

STERLING OPTIONS (LFF) 250,000 points of 100%

Table showing Sterling options data.

EUROBANK OPTIONS (LFF) L1000m points of 100%

Table showing Eurobank options data.

OTHER CURRENCIES

Table showing other currency rates.

FT GUIDE TO WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Marketpage in Monday's edition.

WORLD INTEREST RATES

MONEY RATES

Table showing world interest rates for various currencies.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates.

THREE MONTH EURO FUTURES (DML) DM1m points of 100%

Table showing three month Euro futures data.

THREE MONTH EURO BUNDLES FUTURES (LFF) DM1m points of 100%

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Bank of Ireland Fund Mers Ltd, City Financial Unit Trust Mers Ltd, and others, with columns for Name, Class, and Price.

Advertisement for 'Need facts and figures in a hurry?' featuring a magnifying glass graphic and contact information for FT Business Research Centre.

Advertisement for 'Guide to pricing of Authorised Unit Trusts' with detailed text explaining charges, pricing, and historical data.



Vertical text on the right side of the advertisement, including the letter 'B' and some illegible text.

Handwritten signature 'Jalisco' at the bottom of the page.

# Weekend FT

**Anthony Robinson sees Ifor troops in action and wonders if the Dayton peace accord will keep Bosnia together**

The lift stopped on the shell-scarred eighth floor of the Sarajevo Holiday Inn and in stepped an Ifor soldier in combat gear. He had an automatic rifle slung over his shoulder. US Air Force was blazoned over the left-hand pocket of his camouflage jacket and there were staff sergeant stripes on his shirt-sleeves. He looked tough, but friendly.

The other passengers in the lift were German businessmen, part of a delegation viewing the damage to their investments in Bosnia during nearly four years of war and siege. They had come to assess whether now, with peace apparently restored by last November's Dayton peace agreements, and guaranteed by the presence of 60,000 soldiers of Ifor, the Dayton Implementation Force, it was time to repair the damage and re-invest.

"How are you?" one of the Germans asked the sergeant. "Fine sir, just fine," came the reply. "What are you doing here?" the businessman continued pleasantly. "I'm in the postal service, sir," he replied.

It was the first indication that Ifor, a heavily armed multinational force from 34 countries, including 16,000 from the US and strong contingents from the UK, France, Italy and a raft of east European, Moslem and other countries, was not as spiky as its military high-profile presence made it appear.

Later that day I crossed a checkpoint in the hills above Sarajevo manned by soldiers of Italy's Bersaglieri parachute division. The checkpoint, probably the most sensitive in Bosnia, lay on the road to Pale, the former ski resort which became the capital of the Bosnian Serbs.

Their bloody rebellion against the declaration of an independent multi-ethnic Bosnia-Herzegovina in 1992 was masterminded by Slobodan Milosevic, the Serbian president, and led locally by Radovan Karadzic.

Since then, President Milosevic has been elevated to the status of "peacemaker" by the international community while Karadzic is an indicted war criminal. As such he is theoretically banned from office by



French Ifor troops arriving in Sarajevo

Phil Lovell/Reuters

## Armed for peace in Bosnia

the Dayton accords and risks arrest.

But Ifor commanders, especially the Americans, are under strict instructions to minimise casualties in the run-up to the US presidential elections in November. They are determined to avoid the situation which sucked them into a bloody conflict, and a humiliating, televised withdrawal from Mogadishu three years ago.

They are in no mood to pursue Karadzic or other indicted war criminals. They fear that if they do they could find themselves in the middle of a renewed fire-fight across the ethnic dividing line, which they now patrol in peace.

Without Ifor's fire-power and mobility to back him, Carl Bildt, the former Swedish prime minister who is in charge of the international civilian reconstruction effort, is forced to resort to mere

political manoeuvring to try to unseat the wily Bosnian Serb leader.

The rational Swede is often outclassed by Karadzic who grew up in the tortuous, mendacious ways of Balkan politics. Typically, last weekend he mixed a token offer to resign the leadership with the assumption of a powerful new post as chairman of the ruling so-called Serbian Democratic party, wrong-footing Bildt, who had initially greeted his "resignation" as a breakthrough.

While Karadzic and others responsible for igniting and pursuing the bloody ethnic purging, which has devastated huge areas of Bosnia, remain in office, however, there will be little chance of reconciliation between the warring sides under new or less compromised leaders, which was the stated aim of the Dayton agreements.

Meanwhile, Karadzic re-

mains in his mountain "capital" reportedly moving from safe house to safe house to minimise the risk of assassination or arrest, while Ifor troops patrol his frontiers and man checkpoints on the roads leading in and out of Srpska Republika.

At the Pale road checkpoint nervous troops were manning the machine guns on the trucks of the Italian armoured personnel carriers.

As a logistical exercise, as a display of military hardware, and as a way to give the man and equipment of 34 armies the opportunity to manoeuvre and check out their lines of communication and military preparedness in quasi-battle conditions, the Ifor operation is clearly a success.

The estimated \$6m (\$3.2bn) cost of Ifor is almost as much in one year as the \$6.4bn which

the European Union, international financial institutions, foreign governments and non-government organisations plan to spend over three years to repair the ravages of war.

Much of Ifor's \$5bn would have been spent anyway on domestic training and exercises. By coming to Bosnia the soldiers have had the satisfaction of putting an end to five years of vicious fighting and ethnic purging which cost an estimated 100,000 lives and terrified millions of ordinary people into exiles or refugees.

But bayonets, as Napoleon once famously remarked, are good for everything - except sitting on, and Ifor is now in danger of doing just that. It has separated the warring parties, supervised the removal of heavy weapons and stopped the fighting.

What is more, "peace" has been obtained with few Ifor

casualties. This is a relief to politicians in foreign capitals, and especially in Washington. The prospect of being able to "bring the boys home", having achieved peace with honour in Bosnia, could be crucial to the re-election of President Bill Clinton.

Haunted by their experience in Somalia, US soldiers are cooped up in their sandbagged and heavily defended bases when not on patrol or on guard duty. They are limited to two cans of beer a week and effectively barred from any kind of fraternisation with the locals. Even when they are employed filling in holes in the road they do so in full combat gear with their rifles on their backs,

guarded by other soldiers with machine guns at the ready and by tanks.

The risk, however, is that caution and fear of "mission creep" is preventing the international community from taking advantage of Ifor's presence to push forward the most difficult aspects of the Dayton accords.

These are the measures designed to punish the fanatics and war criminals, encourage the moderates, bring the former warring parties back together again and permit the return of refugees to their former homes.

Ironically, the main reason

Continued on Page II

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Joe Rogaly

## End of the line for Maff

Where there's a will there's a way to regulate food independently

Britain's Ministry of Agriculture should be culled, chopped into pieces, burned, written out, liquidated - and then replaced by a ministry of food or a regulator or both. Now that would be worth a politician's promise. No taxes would have to be increased. Some public spending might be avoided. This is ideal New Labour territory. It would sit nicely alongside the five selling points made by Tony Blair on Thursday.

What? The Labour leader did not have your full attention? Let us remind you of the terms of the cost-free contract he offers. "Smaller classes, Tough on crime, Shorter waiting lists. More jobs for our young people. An economy run efficiently for the many, not the few." You see? He could easily have added: "New food. Safe food. Food for all." Then, in the small print, we would find a promise to rub out the Min. of Ag.

We would vote for that, would we not? This is the ministry that has launched a flotilla of 21st century Ph.D. theses on government incompetence. The one that messed up on salmonella, flopped on listeria, and destroyed public confidence in official pronouncements on food safety. It is the administration that thought it was protecting farmers' interests yet failed,

consistently and serially, to keep ahead of the growing pile of suspicions that mad cow disease could be passed to humans.

We know what happened next. The beef war was declared. The European Union was the adversary. Britain lost. In Florence, the prime minister was so badly humiliated by the rest of the EU that he was obliged to declare victory and come home.

On Wednesday night the extent of that defeat was acknowledged when a junior official in the agriculture ministry said that up to 120,000 cows, mainly from dairy herds, would be slaughtered. The purpose was to meet one of the conditions for lifting the European ban on British beef, as agreed in Florence. The cost? Don't ask. Actually Mr Blair did, in the House of Commons on Thursday. The prime minister whined. At least he is capable of feeling shame.

The full name of the guilty party is the Ministry of Agriculture, Fisheries and Food (Maff). The word "food" need not detain us. It is an afterthought, the tacking-on of a wartime department to a long-established bureaucracy. I have lost count of the political heads of Maff who have assured us that there had just been an internal reorganisation which put consumers'

interests first, or spoke of the advisory committees that would ensure proper care.

Proper care? Forget it. Maff's motivation was established in a law passed in 1947. It exists to promote the intensification and industrialisation of food production. This it knows how to do. It has worked with the National Farmers' Union and the food manufacturers and retailers to

**They put chemicals into our food and sugar on our pills so let us have an FDA**

pursue its half-century old purpose. No plot. Nothing formal. Just a lunchtime Mafia. It has to be wiped out. Afterwards some of what it does would have to be undertaken by others. The EU has an agricultural policy and a council of farm ministers. Britain must attend. The proposed minister of food should take that seat. There is a residual belief that all industries need a sponsoring department. The case for this is unclear in these minimal government times, but officials from the Department of Trade and

Industry could take tea with the NFU and Unilever as well as anyone else.

Proper regulation. This matters as the production of cosmetics as it does in pharmaceuticals. The distinction between the two is not clear to me. They put chemicals into our food and sugar on our pills so let us have a Food and Drug Administration, as in the US. Some disagree with this, on the ground that the FDA is accountable to Congress, while an equivalent quango in Britain would shelter ministers from responsibility to parliament.

This dissenting view is conveyed in a thought-provoking pamphlet on reform of the Maff published by the Centre for Food Policy, Thames Valley University, this week. The four authors, specialists in the field, argue that food policy is political. We agree. Politicians must carry the can. True. Even Douglas Hogg concurs, but he draws a negative conclusion. The minister of agriculture said this week that a free-standing agency "would have no clout because there would be no ministerial accountability".

He should tell that to the home secretary, whose prisons are run by an agency, or the secretary for health, whose hospitals are administered by an agency, or the education

secretary, whose schools and universities are agency-managed. And if he runs out of breath, he need only give me a call and I'll tell him the rest of the list.

If the political will to support an independent food and drugs authority exists, it will act without interference. The British system allows for this. The EBC is independent. So is the judiciary. Both are watched over by responsible ministers. The trick can be managed, given the motivation. The Scandinavians, Germans and Australians have working institutions that protect public health. Labour has mumbled about an independent food authority, although I did not hear Mr Blair shouting about it this week.

The Centre for Food Policy pamphlet lists other possible reforms of the Maff, like outright abolition and/or transfer of the ministry's food quality and consumer protection responsibilities to the Department of Health. I prefer the notion of an independent regulator, an individual or a committee, plus staff. His or her remit would be statutory. The law protects the lottery good causes committees from ministerial pressure. It should be able to do the same for a food and drug authority. But first Maff must go.

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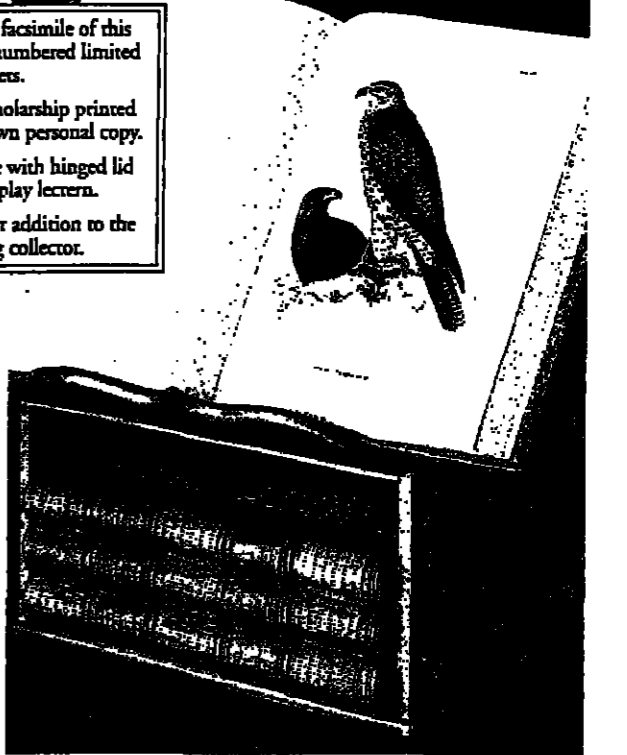
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PERSPECTIVES

# Europe's pole position in space

The Nature of Things / Clive Cookson

New satellites will placate the Americans and give more accurate weather forecasts

Transatlantic harmony and better weather forecasts are the twin benefits expected from a £1.5bn European satellite system that received preliminary approval last week.

The European Polar System, as it is called, will consist of three satellites, to be launched from 2002. They will sweep round the globe from pole to pole, taking pictures of the clouds and measuring temperature and humidity from a height of 850km.

EPS will be Europe's first polar orbiters. Eumetsat, the 17-nation organisation responsible for European weather satellites, has concentrated so far on "geostationary" craft flying 36,000km above the equator. The latter occupy a special orbit in which the satellite's speed exactly matches the Earth's rotation, so it always hovers over the same spot.

Modern computer-based meteorology - "numerical" weather forecasting - needs observations from

both polar and geostationary satellites. For the past 25 years European forecasters have relied on polar satellites supplied by the US National Oceanic and Atmospheric Administration (NOAA) and the Americans are putting more and more pressure on Europe to make a fair contribution. EPS will be the European response.

Geostationary satellites such as Europe's Meteosat-5, which is currently located at 0° longitude and 0° latitude above the Atlantic Ocean off the west coast of Africa, give the oblique view of temperate latitudes that is familiar from television weather broadcasts. Polar satellites, in contrast, speed

around the globe once every 90 minutes. They can provide high-resolution straight-down views of temperate regions such as the British Isles.

As well as imaging the clouds, EPS satellites will carry instruments to measure the temperature and humidity of the atmosphere at different altitudes down to the surface, and to monitor ozone levels and wind flow. Although the observations are intended primarily for immediate forecasting purposes, they will be useful too for scientists studying long-term climate change.

However, for following the development of individual weather systems from thunderstorms to

hurricanes, the fixed view of a geostationary satellite is essential.

So, in addition to EPS, Eumetsat is developing a new generation of geostationary craft for launch from 2000. They will take pictures with a spatial resolution of 1km every 15 minutes, which will enable forecasters to track small storms far better than they can today. (Meteosat-5 takes pictures every 30 minutes with 25km resolution.)

There has been a lot of public argument between Europe and the US over weather satellite data - how it should be provided, who should have free access to it and how much private forecasters should have to pay for it.

At the operational level, however, Eumetsat and NOAA have worked well together to co-ordinate the operation of their geostationary satellites, so that there are no gaps in the global coverage. Even closer collaboration is planned for the new generation of polar satellites.

The world's computer-intensive forecasters need two operational polar satellites for adequate coverage. Each is in a "sun-synchronous" orbit, moving around the earth at the same rate as the sun and passing over any one place twice a day - once during daylight and once at night.

So a co-ordinated pair - a "morning satellite" and an "afternoon sat-

ellite" - will visit everywhere once every six hours. The US will continue to provide both until 2002. Then it will leave one slot to the Europeans. At the same time, the US and Europe will exchange instruments for the satellites.

If Eumetsat is to meet its first launch deadline - and avoid a serious gap in satellite coverage - it will have to move quickly to develop and build EPS in collaboration with its sister organisation, the European Space Agency (ESA).

Last week's Eumetsat council meeting set a financial ceiling of Ecu1.46bn (£1.15bn) to cover the construction and launch of three satellites, instruments, ground sys-

tem and running costs for 14 years. ESA is expected to agree soon a contribution of Ecu450m towards the development costs.

If so, Eumetsat could give the final go-ahead and ask the space industry for quotations to develop and build the satellites this autumn. The leading contender to be prime contractor will be Matra Marconi Space, the Anglo-French joint venture, which is carrying out initial design studies for EPS.

Julian Hunt, head of the UK Meteorological Office, says the proportion of the Met Office budget devoted to weather satellites will go up from 12 per cent now to more than 18 per cent by 2000. "That's because at the moment we get a free benefit from the US satellites." Until very recently, weather satellites have provided many pretty pictures of swirling clouds but little routine benefit for forecasters. "The new system with its sophisticated instruments should have a pay-off in terms of numerical weather prediction," Hunt says.

Minding Your Own Business

## A fashion designer on the road to success

Grania Langdon-Down meets a woman on the verge of her first export break

She might have been considered "quite stupid" at school, but Kiren Darashah is now running her own thriving business from her parents' bungalow in the Cambridge-shire village of Over.

She has a computer, two industrial sewing machines, an ironing board and a design table in her office overlooking the back garden. From here, she designs her own range of children's clothes.

Another small room acts as store-room for samples of her distinctive designs in unusual prints, including teapots and pickle jars.

But it has taken considerable drive for Darashah, 28, to achieve her dream of becoming a fashion designer. Her "stupidity" was eventually identified as dyslexia by a teacher at art college. In spite of this, she went on to gain a BA Honours in fashion and an MA in fashion knitwear.

Then, after 18 unsuccessful months job hunting in the fashion industry, Darashah decided to put her ideas to the test and design her own children's clothes.

Three years and several business awards later, she is on the verge of her first export break as she prepares a new range for a Spanish department store.

She visited Madrid in February with the help of a £250 "Go See" grant from the Prince's Youth Business Trust. Flights and hotel were paid for by an Export Challenge award from LiveWIRE, the national organisation supported by Shell UK to help the young self-employed.

She said: "I am now working on the designs which would be for spring/summer next year. If it comes off, the contract should be worth five figures. But I do not want to tempt fate talking about it in detail because it may be I will not get the designs or the costumes right first time and will have to do it again."

While a student, Darashah worked with designers such as Vivienne Westwood and with a children's wear company, which gave her a first taste of designing for youngsters.

"After I finished my MA, I was unemployed for 18 months which was very depressing. I found I was either over qualified or too inexperienced," she said.

She was sitting in the JobCentre in Huntingdon one day when she noticed leaflets for the Prince's Youth Business Trust and LiveWIRE.

"The trust gave me a grant of £250

to make up a range of designs for boys and girls aged two to eight so I could test the market and get opinions on quality and prices. I tramped around shops, schools and playgroups and gave parents questionnaires, which also provided me with names and addresses of potential customers."

At the end of the exercise, the trust gave Darashah a loan of £2,500 and she started designing in January 1993 under the name Ben Go Tig.

"When I was young, I was given a soft toy which my mother told me was a Bengal Tiger but I thought she said Ben Go Tig. The name stuck to

Her 'stupidity' was eventually identified as dyslexia by a teacher at art college

the toy and seemed like a good idea for the company," she said.

Initially, Darashah made all the clothes herself to orders gathered at parties organised in people's homes.

"The first year, I made about 500 dresses. Turnover was about £12,500 and I broke even."

Her hopes for the company were given a boost when she was a finalist in the national LiveWIRE Young Entrepreneur competition, winning £3,500.

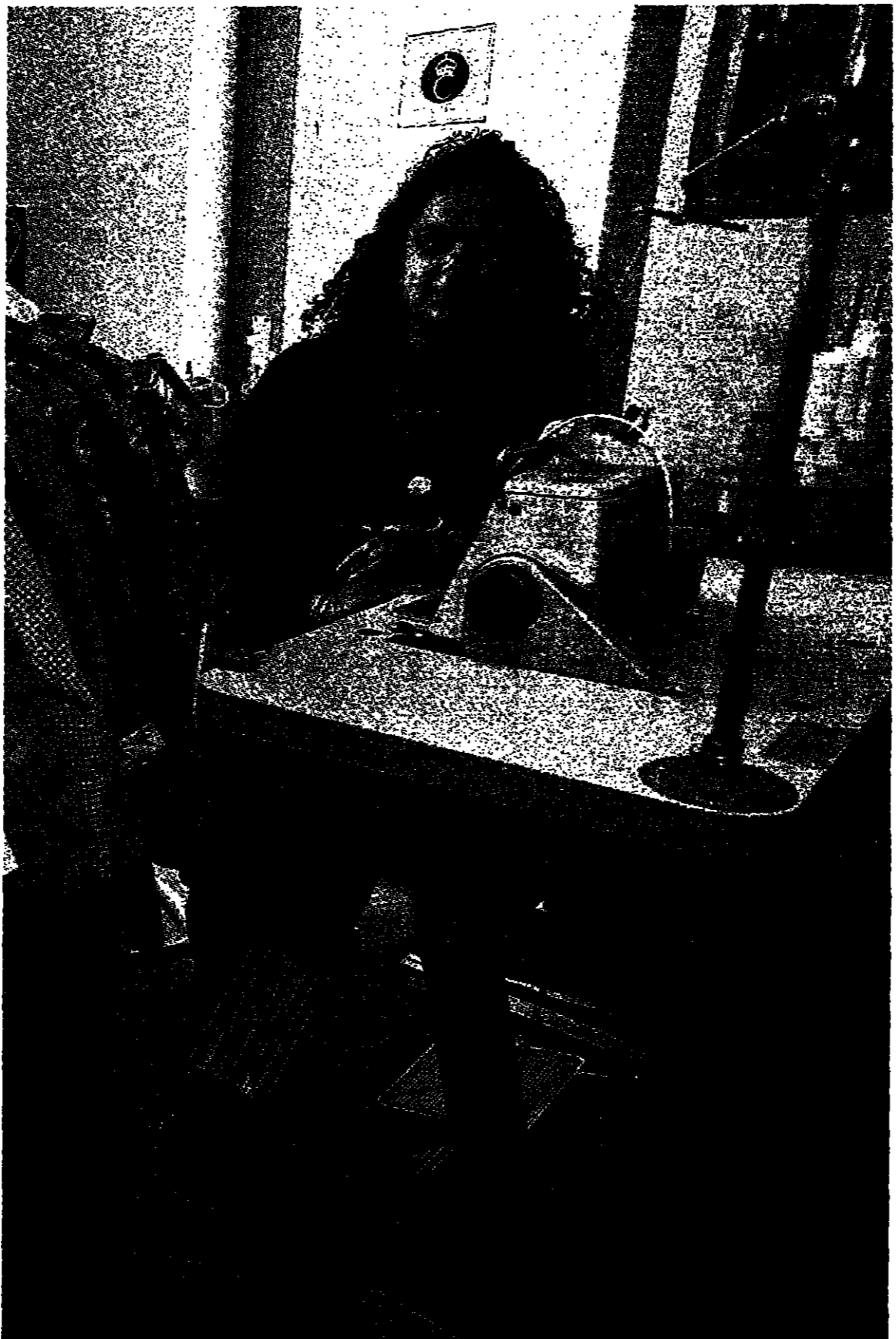
By 1994, Darashah had taken on two machinists who worked from their own homes, plus an agent to help organise sales parties.

"It was a funny couple of seasons," she remembered. "I won three free invitations to show my designs at the biannual Premier Collections trade exhibition at the NEC in Birmingham. The first one was in August 1994. We did not do well and I was very disheartened."

Then, for some reason, a few designers were left off the list for the February 1995 exhibition so a whole six months of work preparing a new range went down the drain.

"Turnover remained at break even point, thanks to the party sales. But then the trust put Darashah in touch with business adviser Diane Smith, who was a "whizz in the rag trade and had the experience I was lacking."

With her help, Darashah computer-



Kiren Darashah: many hurdles have been overcome in her drive to set up a business

ised the business and took on new suppliers to improve quality and prices, ensuring the range for the August 1995 exhibition was the best.

"The first two days of the show were terrible. I did absolutely nothing and just wanted to die inside. The next morning I went in late and found customers waiting and I did not stop all day," she said.

"We took 24,000 in orders and made 60 very positive contacts. I then followed them up and every single shop I visited bought from the range and I took another £8,000 in orders."

Darashah's last free exhibition was in February when interest in her collection for the coming autumn and

winter was brisk. She took £9,000 in orders.

"Then I went on the road following up contacts and I brought the amount up to £20,000. I have also taken on two new wholesale agents in the UK and one in Ireland so I hope to double the amount for that season alone."

She is in the process of finalising her 1997 spring/summer range for next month's trade show after a supplier let her down. After the show she will take her designs to Madrid.

Darashah is conscious of the need to build the business slowly and keeps overheads to a minimum. She takes just £300 a month to live on. She has just taken out a £5,000 bank loan matched by a £5,000 loan from the

trust to complete existing orders.

"I have always been very careful not to take on more than I could handle myself. I was thinking about moving to bigger premises but thank goodness I didn't - I could have been stuck with a 10-year lease on somewhere."

"I have plenty of room where I am to design and produce samples."

Her "biggest mistake so far" sits in the driveway. "I bought a van for £2,500 which I no longer need. I have already had to recondition the engine and the RAC had to tow me home from the last exhibition."

Ben Go Tig, Trax House, 10 Cromwell Park, Over, Cambridge CB4 5PX. Tel: 01554-232854

Letter from Madrid / David White

## A feast of Goya's works

There has been widespread pillaging, and women - married, unmarried, nuns, of all classes - have been raped in a brutal fashion peculiar to that country's soldiers, going into convents, desecrating the churches...

This report, from the *Diario de Avisos* in June 1812, during the Peninsular War, is one of the few commentaries accompanying an exhibition at Madrid's municipal museum of prints by Francisco de Goya and contemporaries. It refers not to the hated French, but to the behaviour of Spain's English allies.

This is war depicted without glory and without quarter. In the spirit of Goya's despairing title for one of his engravings - "Rightly or wrongly" - there is no good side, just cruelty and misery, horror and mutilation. Two dozen Goya works form the core of the exhibition, part of a series of events marking the 250th anniversary of the artist's birth. With their characteristic unfinished quality, the pocket-sized Goyas stand out for their force and immediacy.

The Goya year is a case of better late than never. The actual anniversary was on March 30. But it has taken half the year for the authorities to do justice to Goya in the city where he spent most of his long life and where a lot of his most important work is to be found.

The centrepiece show, at the Prado, is already over. But not to worry. The secret - perhaps best not told to the 350,000 people who went to see it, including 50,000 who paid extra for advance bookings - is that 130 of the 170 paintings are on view in the Reina Sofía anyway. These include the two tremendous works about the Madrid uprising of 1808 and the grim, disturbing "black paintings" which Goya did on the walls of his country home in 1820-23, starting first with landscapes and painting them over with his darkest imaginings.

City and regional authorities have joined forces with the government's Goya 96 organisation to promote a wider programme, bringing in a variety of sites in and around the capital where the artist's work can be found.

"I have always been very careful not to take on more than I could handle myself. I was thinking about moving to bigger premises but thank goodness I didn't - I could have been stuck with a 10-year lease on somewhere."

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painting, has some real gems, including the carnival scene known as the "Burial of the Sardine", the silk-robed portrait of a lady called "La Tirona", and a small self-portrait. This shows the artist at his esau, eccentrically kitted out in a hat with candles attached to it, enabling him to retouch his work in the fading light, his face in half-shadow.

A different Goya is on show at Madrid's 18th century Royal Palace: a collection of tapestries and cartoons - in the sense of original panels for the tapestries - from his period as a court artist.

From rustic scenes to snarling cats, these are luminous works, displayed to extraordinary effect by good lighting. Also due later in the year are a showing at the Prado of 50 of the museum's stock of Goya drawings and an exhibition at the Museo Arqueológico Nacional on daily life in Goya's time.

Not to be missed on the Goya route, although a little off the beaten track by the Manzanares river, is the hermitage of San Antonio de la Florida - actually two twin churches, one kept as a museum for its Goya frescoes.

This is where the artist's remains lie (but not, bizarrely, where he spent most of his long life and where a lot of his most important work is to be found).

Some of the ideas for the anniversary have fallen by the wayside, in particular a combined Goya-Picasso exhibition which was to have been organised at the Reina Sofía modern art museum. "That is a shame, since there is a fascinating amount of common ground between the two artists."

But then, "Guerreses apart, there is not a great deal of Picasso *in situ* in Madrid. Goya, although he was born in Aragon and died in voluntary exile in Bordeaux, is here in abundance. However much they tried, they could not really go wrong."

Details from Patronato Municipal de Turismo. Tel: 00 341 5382500. Internet: [www.munimadrid.es](http://www.munimadrid.es)

Temporary exhibitions: *Tapez y Cartones de Goya, Palacio Real, Mon-Sat 9.30-2.00, Sundays, Holidays 9.30-2.00, Pto.200, Wednesdays free for EU citizens. Closed on days of official ceremonies. Advance reservations Pto.500. Tel: 00 341 537 6200. To July 31.*

*Estampas de la Guerra, Museo Municipal, Trax-Fri 9.30-2.00, Sat-Sun 10-2, closed Monday, Pto.500, Wednesdays and Sundays free. To July 28.*

Continued from Page 1

## Armies in search of real peace in Bosnia

for the lack of the once-feared armed resistance to Ifor is that the Dayton accords gave the rebel Bosnian Serbs what they wanted - recognition of their *Republika Srpska* as a separate "entity" alongside the *Moslem-Croat Federation*, a US-brokered, shotgun marriage consummated 18 months ago in Washington.

The Bosnian Serbs haggled as bitterly as the Croats and Moslems over every inch of territory they were obliged to concede at Dayton. But the agreement left them in control of 49 per cent of the country within borders guarded by Ifor.

Hasan Muratovic, the Moslem prime minister of Bosnia, fears that what was sold to the

Moslems at Dayton as a temporary separation line will turn out to be as permanent as the line which separates ethnic Greeks from Turks 25 years after the Turkish invasion of Cyprus.

Much of his widely shared pessimism is due to the failure of the international community to take advantage of the Ifor presence to detain indicted war criminals, such as Karadzic and General Ratko Mladic, the Bosnian Serb commander, and send them for trial.

This leaves those most responsible for starting the war, and those who profited from it, in positions of power. It prevents the emergence of new leaders amenable to the pragmatic compromises and the economic, social and political arrangements which are needed if the present armed

truce is to develop into "peaceful co-existence" after elections on both sides of the Ifor line scheduled for September 14.

All indications are that the controversial elections, designed to allow people to vote in their former place of residence even though they are now in exile or refugees, will reinforce the ethnic divisions.

But without willingness to co-operate across ethnic lines it will be impossible to create federal institutions such as a central bank, a common currency, banking and payments system and a federal customs service. Without progress here the formal unity of Bosnia-Herzegovina envisaged by the Dayton agreements would remain an empty shell.

Obviously, Bosnian Croats defiantly selected a new prime minister for the ethnic Croat

government of Herceg-Bosna, formally disbanded at Dayton, just as foreign ministers were in Florence last month reviewing progress in the six months since Dayton.

The next day Haris Siladzic, the Moslem former prime minister of Bosnia, and a leading advocate of multi-ethnicity, was injured when a supporter from the ethnic-Moslem Democratic Action party, struck him with an iron bar during an election rally.

Even more worrying to governments which hope to bring most of their troops home soon after the Ifor mandate expires in December, is evidence that even the military aspects of the Dayton accord are being flouted.

Gorazde, an industrial town on the banks of the river Drina, is the only one of three

former "safe areas" in eastern Bosnia to remain in Moslem hands after a three-year siege.

Last July the Bosnian Serb army, commanded by general Mladic, massacred thousands of Moslems after they overran the two other "safe areas", Zepa and Srebrenica. Nato then warned that any attack on Gorazde would be met by a disproportionate attack on Serb forces generally. The Gorazde declaration marked the beginning of the tougher Washington and Nato-led line which led to Dayton.

To ensure the viability of Gorazde the Dayton agreements carved out a Moslem-held salient and pledged to construct a new highway which would run entirely through Moslem-held territory from Sarajevo. A World Bank

financed study is at present under way.

In practice, the Bosnian Serbs have cut the main road which runs through Pale to Gorazde. Ifor and United Nations vehicles are obliged to make a detour through *Republika Srpska* territory - travelling through a beautiful but ravaged landscape where all the houses and villages once inhabited by Moslems have been gutted and burnt.

It also means passing through ethnically cleansed, now Serb-only villages such as Rogatica where mean-looking armed men in dark glasses lounged in the cafes along the single main streets.

The bleak thoroughfare is decorated with election posters bearing the picture of Zeljko Raznatovic. He is better known as Arkan, leader of one of the

most notorious and feared Serb private armies. The posters call on local residents to vote for him and his party of Serb Unity in the September elections.

Driving back to Sarajevo along this road at dusk earlier this month, the UN bus in which I was travelling nearly collided with a convoy of five Soviet-designed, Yugoslav-built, battle tanks. They were grinding their way down the road through a steep, wooded gorge about 20km from Gorazde in clouds of blue diesel smoke and a clatter of tank tracks. Their Bosnian Serb gun crews sat on the turret, enjoying the breeze.

They had no right to be there. Dayton supposedly kept all heavy weapons out of circulation. The whole point was to ban the intimidating display

and use of arms and encourage the freedom of movement which would enable refugees to go back to their homes.

If the Bosnian Serbs are prowling around Bosnia in tanks with impunity, while they are still outgunned by Ifor, there is little chance that they will behave any better if Ifor disbands on schedule in December and the former warring parties are once again freed from their constraint.

Which is why, when Ifor formally winds up, it is likely to be replaced by another, possibly smaller, but still numerous and well-armed, international force.

This as yet un-named army is likely to find its stay to be of indefinite duration. Its main duty is likely to remain patrolling the dividing line between suspicious and hostile people trapped in their own ethnic statelets. But if that happens, Dayton will be judged by history as a failure.

Handwritten signature or stamp in Arabic script.

PERSPECTIVES

We have an emergency - is there a doctor on the flight?

Farrol Kahn looks at how airlines cope when a passenger falls ill at 30,000ft

Medical problems on aircraft occur infrequently, at a rate of about one in 10,000 passengers. But there are signs that in-flight incidents could increase significantly over the next five years.

The average passenger is getting older, says Lutz Bergau, a German aviation medical specialist. "The distances flown are getting greater and the proportion of leisure versus business travel is heading towards 80:20 respectively," he adds.

One big international airline has more than 2,000 medical incidents a year. But written reports are not an accurate guide to the scale of the problem. Not all incidents are logged and there is a tendency to exclude passengers with notified medical problems and cabin crew from the statistics.

On a KLM flight from Montreal to Amsterdam, I saw a woman faint. A French Canadian in her 30s, she was sitting with her husband in economy class when she fell forward during her meal. The purser quickly administered oxygen, an effective remedy in 80 per cent of incidents.

The oxygen did not revive her and two doctors in nearby seats suggested that she be moved on to the floor near an exit where there was more space. There they lifted her legs and she came round.

The doctors used the aircraft's medical kit to measure her blood pressure, which was low. She also complained of a tingling in her hands which is a symptom of hyperventilation. They suggested to the purser that a temporary bed be made and blankets were brought to cover her.

Her husband said she had rushed around before the flight. The doctors concluded that her condition was due to a combination of anxiety, which led to over-breathing, and the lower pressure of the cabin which could have tipped her into the faint. By the time the aircraft landed in Amsterdam the patient had recovered.

Brinjo Veldhuijzen van Zanten, of KLM, says: "Fainting is often caused by a lack of sleep. In serious incidents, if there is no doctor on board, our doctor can always be reached via radio."

Serious medical emergencies result in either diversion of the flight or death on board. On large carriers, such as British Airways, the number of annual

diversions is increasing. In 1991-92, the airline had 23; last year it rose to 33.

To divert an aircraft carrying between 300 and 400 passengers is costly. It affects the schedules of large numbers of people who require accommodation and compensation. It also involves expenses such as fuel dumping, extra landing fees and the rostering of fresh aircrews.

The final cost, which can vary between £30,000 and £500,000 or more, will depend on where the emergency occurs. A flight from Europe to Los Angeles which diverts to Winnipeg will suffer expenses

Strictly speaking, however, passengers' health is not the responsibility of the airlines and, therefore, they generally shy away from it. Asthma cases, for example, accounted for 20 per cent of British Airways' diversions - yet a third of these instances were caused by passengers simply forgetting to carry their nebulisers in their hand luggage.

The lack of communication between airlines and the medical establishment on aviation medicine results in a lax screening process, particularly for passengers with illnesses. Consequently, the travel insurance industry pays out \$50m in health claims each year for problems arising at destinations. In a survey by the Association of British Insurers, the claim rate was found to be one in 48 passengers who had taken out health insurance.

Deaths on board correspond to about one for every 2m passengers carried. For a big airline this can amount to 20 a year. Carriers such as Qantas, which fly long routes, can have a death rate as high as one per 1m passengers.

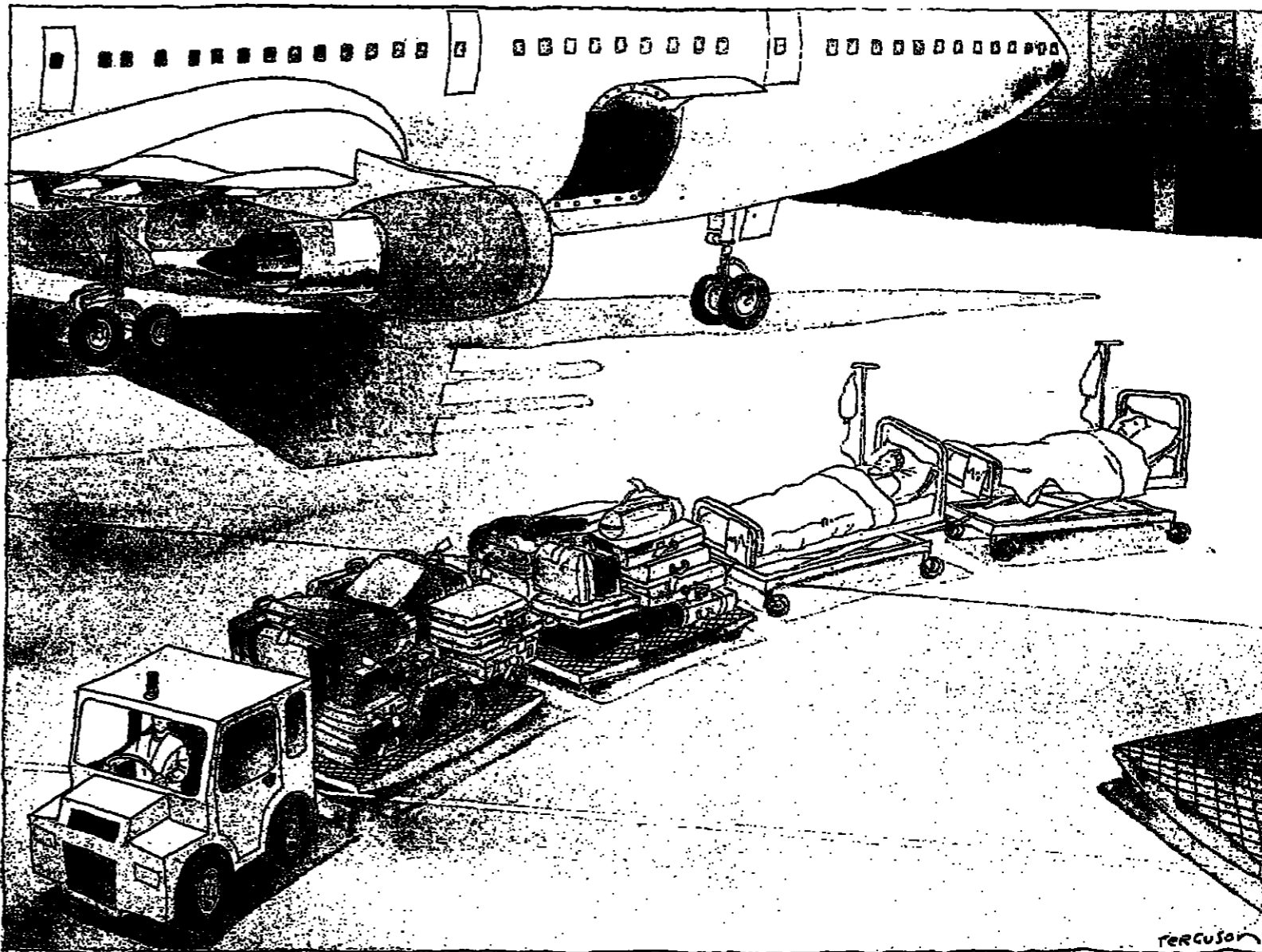
In a survey by Iata, the International Air Transport Association, the air travellers who died were mostly men (88 per cent), apparently healthy before the flight (99 per cent) and middle-aged (an average of 53 years old).

As death in the air is so rare, most airlines do not carry body bags but tend to cover a corpse with blankets. If passengers

object, the body can either be moved to the cargo hold or placed in a sealed-off toilet. At the destination there are delays as passengers cannot disembark until the officials have cleared the paperwork concerning the deceased.

"The most common cause of death is cardiac arrest. This has led to two airlines, Qantas and Virgin, being equipped with defibrillators. Eric Donaldson, who pioneered this effective means of resuscitation, says: "There are people walking around today who would not be alive without the use of this equipment."

One of the most celebrated



in-flight incidents has become known as "Operation coat hanger", in which a doctor saved Paula Dixon's life on a British Airways flight using a coat hanger, mineral water bottle, Sellotape, bandy and tubing from an oxygen mask.

Since it happened, two important facts have emerged. The first is that if the improved medical kit had also included simple equipment such as clamps, a surgical knife, a sterile catheter and suction pump, the coat hanger would not have been needed.

The other fact is that the case of pneumothorax, or collapsed lung, from which Dixon

suffered, is a prime example of a contra-indicative condition to flying. She would therefore have been well advised to have avoided flying with such a problem.

Following his heroic deed, Angus Wallace, the doctor involved, has been moved to make further contributions to the in-flight emergency debate. For example, he has urged that better equipment and medical kits are carried on board.

However, in a questionnaire he sent to European and North American airlines, he only received a 32 per cent and a 17 per cent response respectively. Only one airline, Swiss

air, replied within 48 hours. Lutz Bergau, who as Luftbansa's medical director heads one of the world's largest airline medical departments, said: "Nowadays, it is not wise for an airline to cater only for the young and fit if you have a growing number of elderly passengers."

"You have a moral and ethical obligation to carry them healthily and return them in that condition as well."

One of Bergau's studies has shown the propensity of some passengers to develop blood clots on long-haul flights. This is caused by several factors including the dry atmosphere, prolonged immobility, consumption of a fatty meal and taking the contraceptive pill.

Luftbansa already carries a medical kit that would have coped with Paula Dixon's case. It has also established a network of 185 doctors qualified in travel medicine at its bases worldwide to deal with post-flight conditions and illnesses contracted at the destination.

In addition, Luftbansa has developed a Patient Transporter Compartment to provide intensive care for stretcher cases brought on board, which run at about 800 a year. The compartment is a structure that replaces 12 seats - three rows of four economy class seats in the middle of the aircraft - and is fitted with the latest equipment, plus a bed for the patient and a seat each for the doctor and nurse.

Luftbansa says it makes economic sense. Not only can it be fitted in an aircraft in 30 minutes but it is half the price of an air ambulance.

In medical terms, the most common in-flight problems can be listed under seven main diagnostic headings, according to a survey carried out by the US FAA. These are fainting or near fainting; heart or chest pain; asthma; lung disease; shortness of breath; allergic reactions; seizures; anxiety and diabetes.

The more serious in-flight emergencies, such as seizures or convulsions, remain rare. These can occur as a result of sleep apnea, epilepsy or a serious incident of a subarachnoid haemorrhage (a bulge in the wall of an artery near the brain).

In the instance of sleep apnea, a passenger skips several breaths while asleep, and as there is up to 25 per cent less oxygen by pressure in the aircraft's cabin, this can trigger a seizure.

Epileptics are also vulnerable and should increase their medication, because the cabin environment can provoke a convulsion. The mechanism for causing a subarachnoid haemorrhage in-flight is unknown.

Among the more widespread conditions are nose bleeds, flu syndrome and dehydration.

Not included in these statistics is the rise in alcohol-related incidents. One of the main reasons for this rise is that passengers are unaware of alcohol's added potency in the air. Diabetics are particularly affected by the consumption of white wine.

Farrol Kahn is the founder and director of the Aviation Health Institute, 6 King Edward Street, Oxford OX1 4FL.

Case One: A long flight home

Michael Gibson of Edinburgh, in his mid-50s and extremely fit, developed a pulmonary embolism after returning from a trip to the West Indies.

"I was diagnosed at the consequences of a long flight, because there appears to be no publicity or warnings about the possibility of blood clots forming as the result of flying." He had a chest X-ray and had just passed a health check-up with flying colours before his flight.

Thirteen days after his two-week holiday in the Caribbean, which had included a physical workout every day in the fitness room, he experienced pain in his right shoulder. As he had played golf earlier in the day he dismissed it as muscle strain.

The next day the pain was severe and he was admitted to hospital. After a diagnosis of probable pleurisy he was discharged. Within an hour of returning home the pain became intolerable and he was taken to another hospital where an X-ray revealed a blood clot on a lung, which had collapsed. He has been taking aspirin for four months and now, whenever he flies, he has to wear a surgical stocking.

His condition has been attributed to inactivity during the flight. Although he had a very long flight, he did not leave his seat.

"I didn't know any better," he said. "But I certainly do now." Impaired circulation alone is not enough to produce a blood clot - other factors include dehydration, the consumption of a fatty meal, oral contraceptives and smoking. Exercise and taking an aspirin, which is an anticoagulant, help on long trips.

Case Two: A short-haul drama

Annette Bauer is a nurse who has worked part-time for a European airline since 1989 and has witnessed many in-flight medical incidents, the most common of which is fainting.

In her experience, this is the result of stress at the airport combined with seasickness once passengers are on board. She has found that it usually occurs to passengers between the ages of 25 and 40.

Her advice is to drink cola quickly as it counters dehydration and the caffeine content opens the capillaries and stimulates the heart.

The most dramatic moment in her six-year career as a flight attendant was on a flight of just 40 minutes from Berlin to Frankfurt. Half way through the journey she noticed that a male passenger was having problems. He was in his 50s, overweight and his face was ashen-grey. She immediately asked a colleague to get the flight attendants kit while she attended to the passenger.

He was sweating, feeling dizzy and had begun to vomit. "I recognised the symptoms of angina pectoris," she said, "and when I took his blood pressure, which was high, this was confirmed."

She was handed the kit and gave him a nitroglycerin capsule for his heart attack which saved his life.

She later found that although he was a non-smoker, he had drunk too much alcohol and eaten a heavy meal before the flight. During the previous night he had had little sleep. These factors and the artificial cabin environment had triggered the problem.

Lunch with the FT

Lovely food is a gift from God

Sister Wendy forsakes her frugal regimen to tell Lucy Kellaway how to look at a cabbage

Every morning at the Carmelite monastery in Quidenham, Norfolk, a nun delivers a basket to a turquoise caravan parked in the grounds. Inside the caravan Sister Wendy Beckett lives in solitude and the basket, which contains skimmed milk, a bread roll, some salad and cheese, provides her nourishment for the day.

Every day her diet is the same - every day, that is, when she is not in London making another BBC series on art. Then she is to be seen at The Ritz, The Ivy or at Nicos at 90 being lunched by the media, all agree at this nun whose toothy smile and engaging enthusiasm for the old masters have made her the most improbable of telly stars.

Sister Wendy had suggested we meet at 33, a fashionable new restaurant in St James's owned by an art dealer. When I arrived she was sitting in a corner, wearing her black habit, nibbling a designer roll. She did not put out her hand, so I mumbled my name and sat down. Do nuns shake hands? I wasn't sure.

Above us and behind us were vast, wall-sized copies of 17th century Spanish still-life paintings. The effect, I thought, was both gloomy and pretentious. "They are superb," she said. "Marvellously beautiful things. This one has the solemnity of an altarpiece. There is a sense

of majesty in how they painted the cabbage." Her pleasure was so infectious that I, like the millions who watch her on television, found myself looking with rather more interest.

What is that strange vegetable behind you, I asked, pointing at what looked like a gift albatross. "An artichoke, is it? I've never had an artichoke," she said. "What is this thing?" she asked a passing waiter. He looked horrified at this unscripted question from this art-loving nun. "I've never really thought about it, to be honest," he said, his French accent giving way to Cockney.

The menu was a ludicrously elaborate affair, a foodie parody, but what caught her eye was the price. "It's a bit naughty to put a 26 supplement on the Dover sole," she remarked. "But when I see how little they are charging..." She evidently regarded £16.95 for a two-course meal a steal.

What she really would have liked to eat was beef. "I feel outrage at all the beef hysteria. It's absolute nonsense. Unfortunately, I can't actually eat much of it because I usually get any back teeth, so I usually get any back teeth, so I usually get any back teeth..."

She chose something called quail pithevier followed by spinach and rosemary dumplings. I chose the simplest starter: I could find, red mullet soup with saffron potato and fennel. "You are very wise to have soup when you're with me," Sister Wendy said. "I am a great one for sharing, but I can't have soup because my hands shake."

We started to talk about art and her ability to see something good in everything she

was looking at. Does she, I asked, even find something to like in Damien Hirst's cut-up sheep in tanks of formaldehyde? She hesitated, loath to say anything negative. "As far as I can see, Damien Hirst has shock value. He's making a point with great journalistic flair. But journalists are taking interest and money away from other art. And some people think that's all there is."

This led to a general discussion on journalism, pay and merit, in which she complained that the BBC paid a pittance - it had offered only £200 a programme for her first series. "Perhaps we shouldn't be

talking about this," she said, correcting herself. "It's not fair to the BBC. My friend Delia Smith always said: 'You don't make money on television. You make money on the books.' I hope this will happen to *The Story of Painting*."

Despite this interest in money, she never touches it herself. Her agent, a worldly chap called Toby Eady ("He's a darling"), takes the cash and hands it straight to the monastery which has used it to build a shower complex. She explains that now the nuns can take a quick shower whenever they like rather than take their place in a bath rota, bathing infrequently at peculiar times.

The waiter brought our first courses. "Oh thank you," she said. "They do look beautiful. Really artistic. What a gift of God lovely food is!" She passed her plate to me, and I tasted her quail, a peculiar brown lump, not unpleasant.

She and Delia Smith make fitting friends, I reflected. One has introduced television to a large swathe of what must be lunacy. "It looks a bit amusing," I said, becoming unpleasantly aware of my steady flow of negative remarks. And so I was pleased when she agreed: "It is a bit thick and vulgar."

We order a second glass of house white each, and as we do so she tells me how hurt she was when journalists made her appear to be too fond of her wine.



Sister Wendy: the most improbable of television stars

simply do not compliment a nun on her appearance. "People have said the programmes are anodyne: my manner is theatrical but the matter is very dull - which was not very nice to hear," she went on.

Surely someone who only has space in her heart for God can afford to ignore the views of journalists? "You have made a grave mistake there. If you don't feel hurt you are not human. Read the gospels. Jesus was deeply hurt."

"When I'm hurt about things I say to God: here it is, I'm hurt. Please take it into yourself. I suppose you do the same when you're in pain: you give it to God." Er, no, I said. Actually I tell my family or friends. "Well that's another way of giving it to God," she insisted.

A waiter brought a plate of dainty petit fours. "Have you got a bag? You must take them to your children." I protested that I couldn't possibly slip them into my handbag, but she ignored me, and turned sweetly to the waiter. "Could we have a little bag to put those lovely things in?" He returned with a large presentation plate wrapped in cling film and gave it to her. "Oh how lovely. This is beautiful. How very kind. Thank you."

She gave a blissful sigh and then giggled. "Actually it's for her children." The waiter handed it to me instead, and I thanked him stiffly.

The head waiter was so charmed by this effusive guest, he gave us another present, two glasses of strong sweet liqueur. This time she accepted hers, but had to down it quickly as her taxi had come. She kissed me on both cheeks and bustled off for a lovely afternoon of horse racing.

Similarly, she has been shocked at the way that the world has responded to her enthusiastic remarks about the naked male body. I suggested that it was not that we are a nation of prudes but that we do not expect to hear nuns rav-

ing about public hair. "Why should not nuns delight in everything in the world?" she asked, reasonably enough. "A nun renounces all sexual pleasure. Not because it is an unworthy pleasure, but to be able to concentrate without distraction on God."

I asked if she found the world of TV and its instant fame corrupting. "It's a humbling experience. When I see stretches of film I am humiliated by how extremely unattractive I am, a great frumpish creature with a silly face." I wanted to say that her smiling face was lovely, but again I felt - probably wrongly - that you

Master David W... east of... 's work

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HOW TO SPEND IT

# Furnishing desires and designs

Lucia van der Post tracks down the latest in good ideas from young designers

This time of the year is perfect for catching up with what is happening at the grass-roots level of new design. Although almost all of the art and design colleges have end-of-year shows to which the public are more than welcome, there are also a few regular events in June and July which offer proper platforms for young designers.

The New Designers exhibition at the Business Design Centre in Upper Street, Islington, London N1,

celebrating its 10th anniversary, features the work of the best designers graduating from colleges this summer. Each college puts forward the work of its most talented designers, which is then vetted by the Chartered Society of Designers.

The show - entrance fee £8 - is divided into two: from July 11 to 14 it is textiles, fashion and graphics; and from July 18 to 21, interiors, 3D products and crafts. While textile and fashion graduates get many chances to show their work -

because it is more consumable and visible - graphics graduates have a harder time. The show, therefore, provides a good chance for all those looking for talent among illustrators, designers, calligraphers and the rest.

Furniture, it seems, is looking particularly strong with much innovative use of new materials - including a chair "upholstered" in newspaper. There is some very powerful glassware and the jewellery, too, is well worth a look.

The students are longing for work so, although everything for show is on sale, the organisers are making a special point of offering advice on how to commission a piece and get a good and fair deal from the maker. This is a good reminder that there is a great deal of pleasure to be had from discussing with the designer what you have in mind and then becoming involved in the process.

Most young designers hope eventually to become a New Designer in Business and here

again the regular exhibitions at the design centre in Islington help give these fledgling entrepreneurs a way to introduce their wares to the consuming public or to industrialists and businessmen.

Some who are members of the New Designers in Business Group are holding an exhibition of their furniture at the Ergonom showroom at 395 Euston Road, London NW1 3AR. Here, too, is a marvellous chance to see truly innovative work and decide whether it is for you. The many and varied pieces on

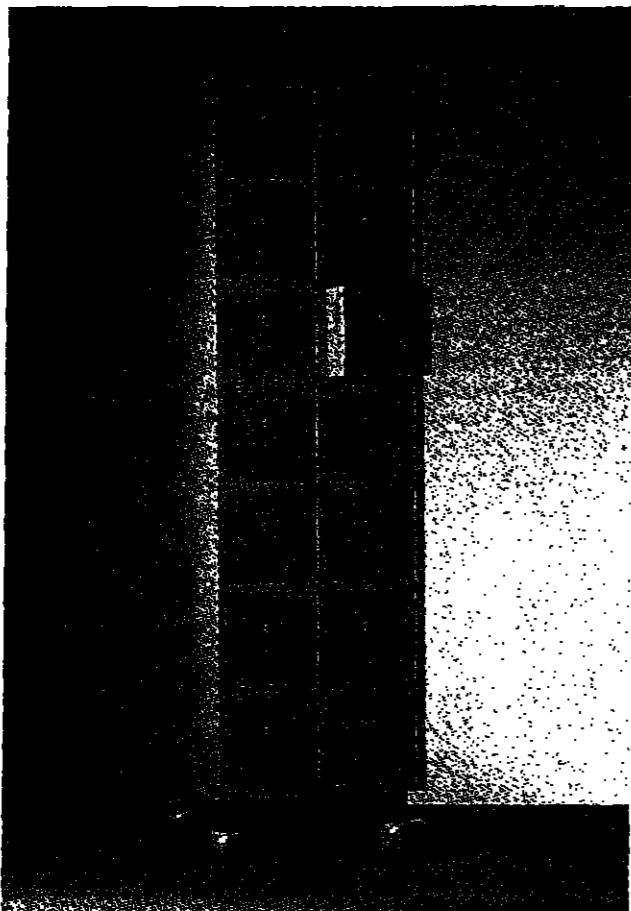
show are, of course, for sale but many of the designers prefer to work to commission and will be open to offers.

Those with the perennial problem of how to store their hi-fi and CDs should look at the work of Ash Design, as well as at John Whittle's wavy CD rack and Peter Forbes's colourful pack-flat racking system. Whittle is clearly fascinated by the challenges posed by modern technology and has produced a range of furniture designed to deal with it - an office desk system, a

"surf station" and a mobile computer workstation.

Look out also for Paul Gower's beautiful "skyline" desk in ripple maple, made to order, and Glenn Hinton's desk in carved acrobated elm and steel.

There are bookshelves, lamps and tables, all the appurtenances that complicated modern lives need as well as smaller accessories such as pewter tableware, glass vases and lights. The exhibition at Ergonom is on until July 25.



A 14-drawer tallboy in medium density fibreboard (MDF) with leather handles and steel feet by Mark Gabbattas, about £900. To order.



AK garden seat by Katie Walker in English oak or Cedar of Lebanon. At 1.7 metres long, it costs £1,050 (plus VAT), and at 2 metres long is £1,150 (plus VAT). To order.



Three-legged wastebasket made from painted plywood by Mark Rogers, £45.

## How to be surrounded by museum pieces

Masterpieces can now be reproduced - and bought, says Lucia van der Post

The Museum Store gets better and better. It sells beautiful and witty reproductions of museum pieces as well as gifts from museum shops around the world.

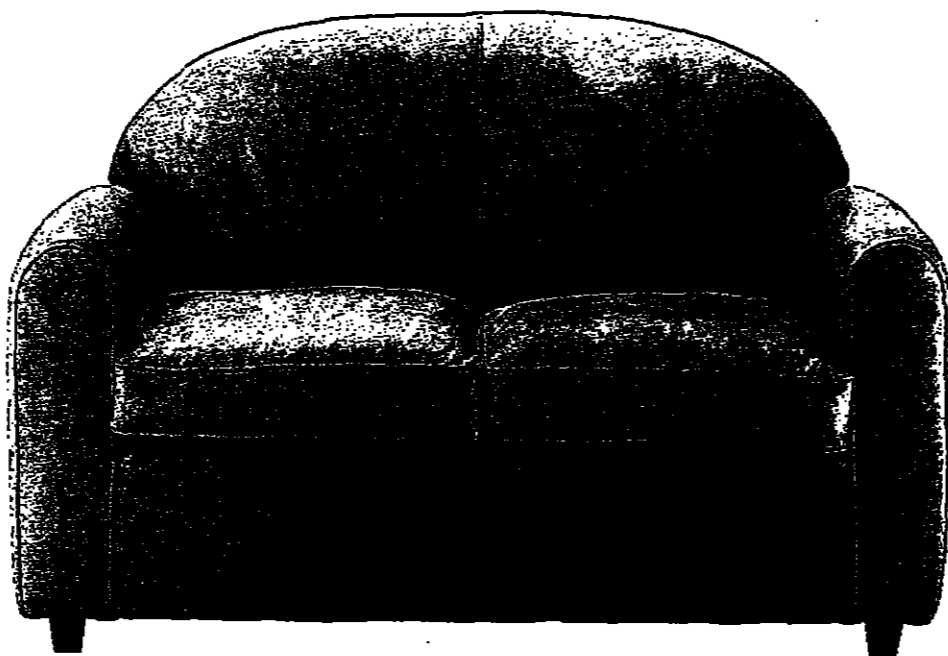
If you have not yet discovered the store you will find it is a marvellous source of interesting and unusual presents. Lovers of art and museums might like to know that the shops were initiated by the Charities Advisory Trust; this means that profits from its activities go back into museum work of some kind - mostly training.

The shop has just expanded its range of associations by

linking with the Italian-based Alivar Museum which holds the rights to reproduce works by some of this century's leading names in architecture and furniture design.

This means that any customer wanting to buy some of the great modern classics can now do so through the store's branch in Beauchamp Place. These range from a Le Corbusier chaise longue or a Bertoia butterfly chair to a Rietveld primary-coloured armchair or an Alvar Aalto laminated serving cart - designed in 1936, it is still the most beautiful trolley in the world.

Just looking through the splendid tome from which the



Jean Michel Frank's two-seater sofa, based on a model used by Frank in the interiors he designed for a certain Madame Cert. The arched back was a dominant theme in chic 1930s interiors - note that the arc starts from the centre of the arm instead of covering all of the back. Note, too, that the arms are straight and do not slope or taper - the effect is quietly elegant and was fashionable among the smartest 1930s decorating set. £2,200.

designs can be ordered is a wonderful reminder of how many splendid designers and enduring classic pieces this century has produced.

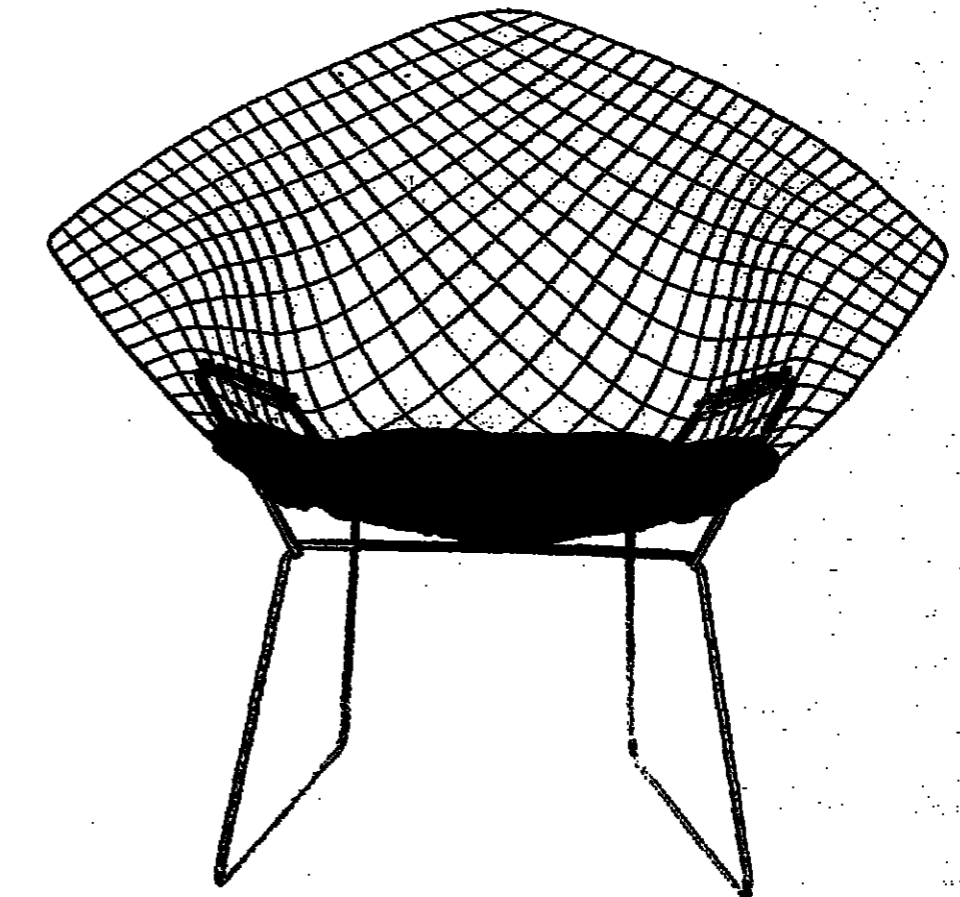
There they all are, all the grand names. Mies van der Rohe, Eero Saarinen, Charles Rennie Mackintosh, Isamu Noguchi, Eileen Gray, as well as the lesser known Mart Stam, René Prou, Jules Leleu and René Herbst. A roll-call of the finest furniture design over the past 80 years, all collected together by Alivar Museum.

The thinking behind the collection was simple - to put together into a single collection all the masterpieces which are considered part of the history of 20th century furniture design - or "the classics of modern furniture".

Begun in 1984, the Alivar Museum collection is manufactured from start to finish in factories in Tavarnelle Val di Pesa in Italy. Every piece is also meticulously researched. It has, of course, concentrated on the fine end of mod-

ern design and there is no evidence of any of the whackier excursions into paper seats, inflatable seats, sofas made from car-parts or wardrobes created out of industrial waste.

Here all is refined, classic and though possibly a little unadventurous for those of avant-garde tastes, it is a helpful reminder that such designs have a timelessness which means they show their class in almost any environment. An intriguing exercise is to try to



guess the date of any given piece before looking at its caption - I defy anybody who is not an expert to get it right every time. Many of the pieces, dating from the 1930s and 1950s look as fresh as if they had been designed yesterday.

It is also worth noting that there is a small but distinguished collection of lighting available too, from names such as Noguchi, Arne Jacobsen, Castiglione and others. Orders take about five weeks to be delivered but that does not take into account the fact that most of Italy closes for the whole of August.

The Museum Store has three outlets: 37 The Market, Covent Garden, London WC2E 8RS; Perrin's Court, Hampstead, London NW3 1QR. The furniture can be ordered from the third at 50 Beauchamp Place, London SW8.

Harry Bertoia's polished and chrome-plated welded steel-wire chair must be one of the most photographed and familiar chairs in the world. Bertoia, an Italian-born sculptor, designed it in 1952 while working at the Cranbrook Academy of Art in Michigan under Charles Eames who, of course, had earlier done some experimental work using wire material. £500.

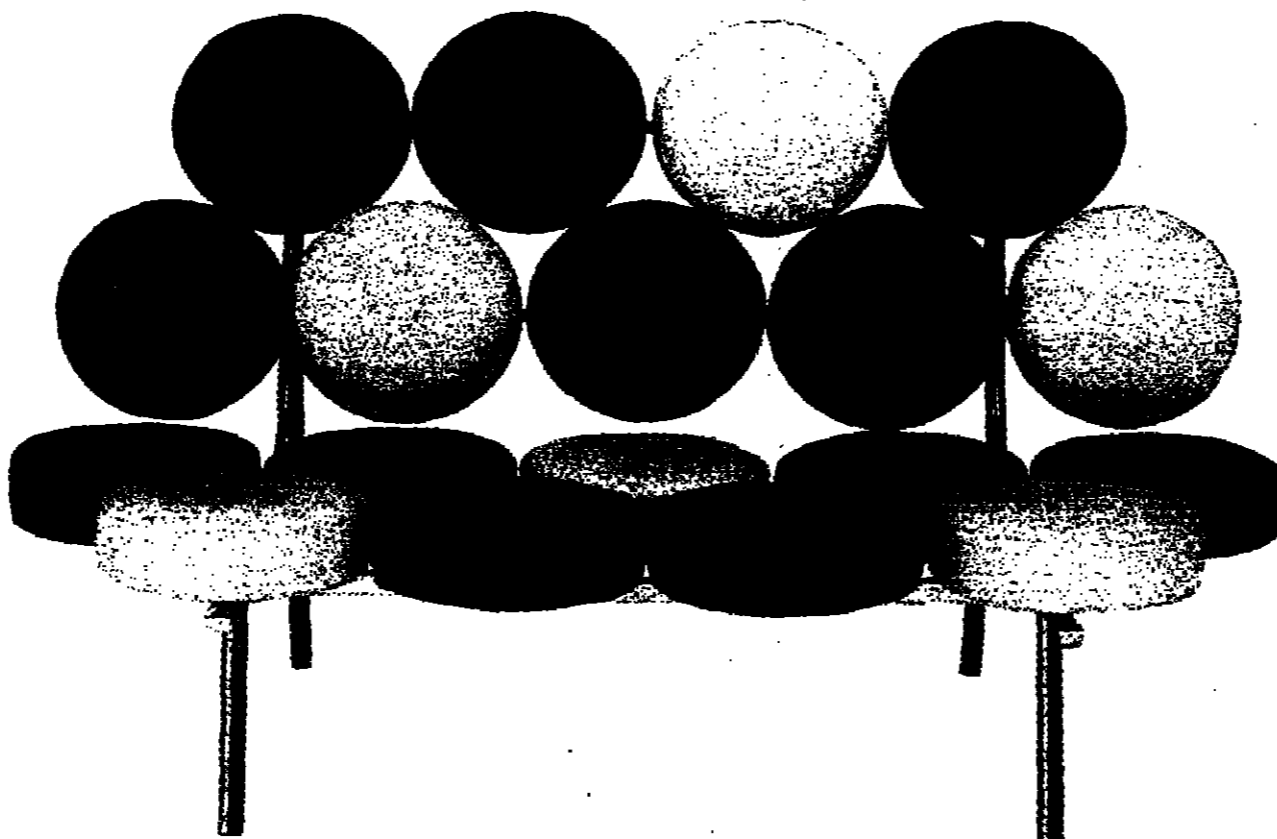
CHANEL BOUTIQUE



Sale

from Saturday 6 July until Saturday 13 July

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173 NEW BOND STREET, LONDON W1



'Marshmallow' sofa on a chrome-plated or lacquered steel frame with polyurethane foam cushions covered in dacron, leather or alcantara. First designed by George Nelson in 1956, it takes its name from the popular American sweet - the first version was made in contrasting colours and different combinations. According to the archival note in the catalogue, George Nelson wanted this sofa to be highly functional and yet to project a clear sense of humour. £2,200.

HERMES PARIS

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FASHION

# Floral arrangements to brighten up the beach

Summon up your courage and try this season's swimsuits, writes Karen Wheeler

When it comes to swimwear, most of us play it safe and choose an understated, monochrome one-piece which will not draw unwelcome attention on the beach. It takes a certain degree of bravery to forsake the quiet purity of black or white for a vibrantly coloured, floral print design.

Yet the swimsuits in the stores this summer are the prettiest we have seen for many seasons. The sleek, athletic look has been replaced by swimsuits in striking non-bon colours splashed with poppies, hibiscus and tea roses and, suddenly, dressing up for the beach is the big thing.

There are bright florals in almost every range - from the inexpensive to designer labels. They are the biggest story for both bikinis and one-piece swimsuits and are selling well to customers of all age groups, reports Fenwick, which has a swimwear department that is a marker for each season's most fashionable maillots.

The chief objection to splashy, floral designs is that they are not as flattering as, say, a sleek black swimsuit. But many of the styles feature additional draping and details, designed to complement a fuller figure.

Jenny Elkan, proprietor of Bradleys, the specialist Knightsbridge lingerie and swimwear store, says: "The look is very pretty and flowery rather than streamlined and sporty. And the advantage with these styles is that there is a lot more bra shaping and underwiring to create a more defined and uplifted bust shape."

The top label of the season is Manuel Canovas - a French-born designer with a passion for botany and colour - who has produced the prettiest floral designs, using bold, bright brushstrokes.

Known for his home furnishings fabrics, rugs and wallpaper, Canovas has extended his swim and cruisewear range with the help of French designer Myrène de Frimontville, to include a small collection of separates - unstructured shirts, palazzo pants, sarongs and tunic tops - which serve as cover-ups, all in vibrant prints of peony clusters.

The range has proved a best-seller at several London department stores, which report that customers seem happy to pay the prices because they fall in love with the print and then they find that the fit is good too.

"The range is very expensive," says Mary Flack of Fenwick, "but the florals and mix of colours are so beautiful that it sold out straight away and had to be re-ordered. Part of the appeal is the big shirts and matching sarongs - they are not exactly a snip at around the £100 mark, but people seem to love them."

Other swimwear labels have also launched collections of co-ordinating clothes, reflecting the trend for dressing up and covering up to go to the beach. Silx, for example,

has extended the use of "Isabella" - its striking yellow sunflower print on turquoise - to chiffon pareos, shirts and long, sleeveless dresses.

"It is almost harking back to the 1960s and 1970s," says Elkan, "when everybody had a cute little wraparound mini-skirt or cover-up of some kind to go with their swimsuit. And it doesn't necessarily have to be an identical print, so long as it works."

Another new name to note is Cath Kidston. Like Canovas, her speciality is interior fabrics but her very pretty 1960s-style swimsuits have been an instant hit with those who have discovered her shop, tucked off the beaten path in Holland Park.

Her swimsuits in gingham or polka dot prints mixed with florals - using fabrics devised for household furnishings - feature smocking, flared skirts and fashionable halter necks.

**After the minimalist triangles of recent seasons, this year's bikinis are more substantial**

Although one-piece swimsuits were overwhelmingly popular last summer, this year the bikini - celebrating its 50th anniversary - has also made a comeback. After the minimalist triangles of recent seasons, this year's bikinis are more substantial and benefit from rustling and draping, moulding and underwiring.

There is a belief that a bikini automatically adds several pounds to the physique, but chosen carefully this is not necessarily so.

The best brands for figures which need a little help are Jantzen, Fantasie and Gideon Obergson, which include many styles with underwiring or bra shaping cleverly hidden inside the swimsuit. The Fantasie label is particularly good on fit because it features proper lingerie sizing.

Silx's sunflower print halter-necked bandeau with a draped 1950s-skirt style bottom is very flattering. The label also has a

poppy print on a purple background and an eye-catching range of splashy Chinese florals on a white or turquoise background - featuring ruched or V-necks - called Fleur.

For younger women and those blessed with long legs and a beautiful cleavage, some of the best styles have little or no in-built support or structure. But they come in the most divine prints. For example, there is Nicole Farhi's halter-neck swimsuits and bikinis in small intensely coloured florals on lemon or aqua blue; Emporio Armani's pink floral print on turquoise; and Kenzo's pink and white printed tank style. Similarly, Moomie and Raisins do younger styles (without any underwiring) in fun, intensely coloured florals.

At the end of the day it all comes down to choosing a swimsuit that flatters you, and this can be a laborious process. There is nothing for it but a long trying-on session which narrows the styles down by a process of elimination. As a

general rule, ruffles and draping are good ploys for those with full figures, and skirts disguise large bottoms. Halter-neck and plunge or V-neck styles draw the eye upwards and away from generous hips or midriffs.

Sarongs, chiffon cover-ups and, this season, even kaftans - in a throwback to the Hollywood poolside look - can all hide a multitude of sins.

This is also a great season for beach accessories: oversized, movie-star shades, scarves, eye-catching sunhats, thigh sandals and mules are

all on fashion's hip list. Another elegant touch, favoured by fashion cognoscenti, is to pin your hair up with a big fake tea rose or orchid by Johnny Loves Rosie (about £15 at Fenwick).

Jackson (available from Whistles) has fabulous flip-flops decorated with fake flowers and Dickens & Jones has beach towels and beach bags in lovely daisy designs. And Roberta Gandolfi's floral towelling bags (reduced from £49 to £29 in the Harrods sale) are just the thing for carrying your novel to the beach.



■ Top: Turquoise floral swimsuit with underwiring, £112.95, by Roldal, Stockists: 0171-631 3157. This swimsuit's 20 per cent Lycra content and underwiring is guaranteed to hold you in and up.

■ Above right: Blue/pink floral print bikini with moulded bandeau top, £95, in cotton Lycra by Emporio Armani, 191 Brompton road, Knightsbridge, SW1. Stockists: 0171-823 8818.

■ Left: Blue swimsuit with self-coloured appliqué

daisies and net overlay, £140.50, by Oceano from Bradleys, 57 Knightsbridge, London, SW1 (tel: 0171-235 2902). A good alternative for those wary of bold floral.

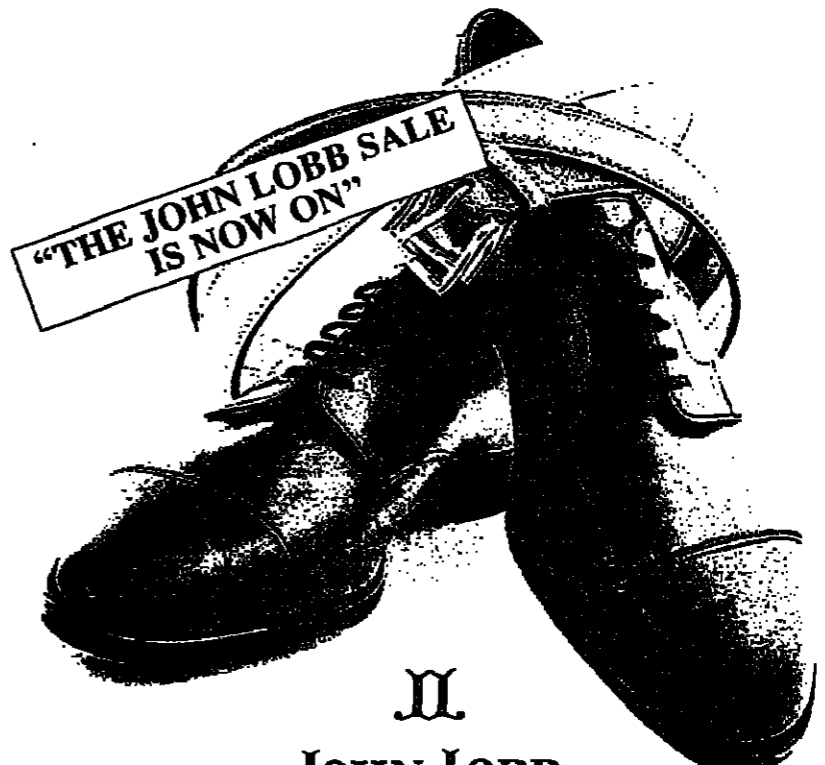
■ Far left: Black cotton peony print swimsuit in cotton Lycra, £125, and matching cotton voile overshirt, £212, both by Manuel Canovas from Sam Browne, 56 Fulham Road, London, SW10. Stockists: 0171-225 2298.

■ Bottom: A 1950s style, blue rose and spot print swimsuit with skirt in pure cotton, £75, by Cath Kidston, 8 Clarendon Cross, London, W11 (tel: 0171-221 4000). An unusual swimsuit featuring a fashionable halter neck, smocking and a flared skirt. The only drawback is that it is without Lycra.

Illustrations by David Downton

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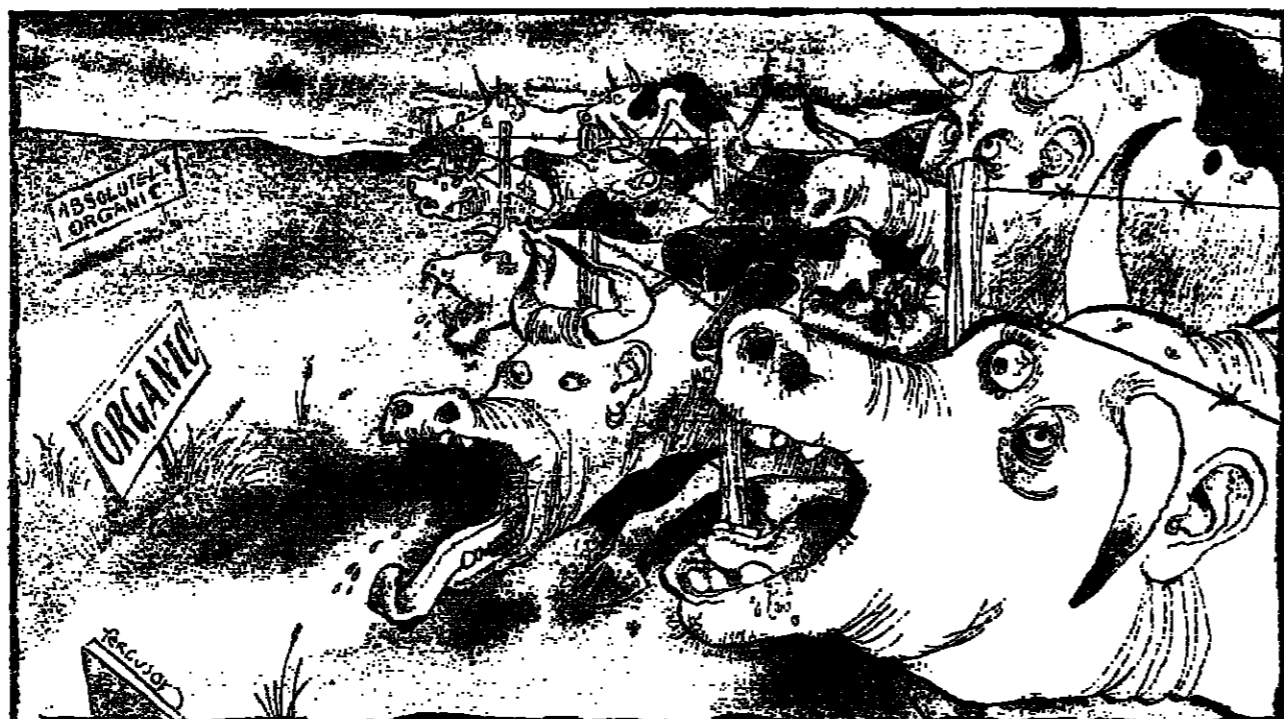
PROPERTY

The BSE crisis is leading consumers to question the production of a far wider range of foods than beef. During the past few months suppliers of all organic foodstuffs in the UK have seen a surge in demand as shoppers turn to what are seen as more natural foods.

This could provide a boost to the market in organic farms, which, perhaps surprisingly, has been failing to arouse the interest one might expect. Certainly, they have not been commanding a premium over more conventionally farmed holdings. Organic farms which did come on to the market were bought either by farmers who did not plan to farm organically, or by non-farming people drawn more by a property's residential attractions.

However, a sale in the Welsh border country last September signalled what may prove to be a significant change in the market for organic farms.

When Coles Knapp put up for sale Skyrdd Farm, between Hereford and Abergavenny, the top bids came from two farmers both keen to acquire the farm because of its organic status. More important, each was prepared to pay a premium to secure it, and both offers exceeded the £425,000 guide.



# Organic farm boost

Sally Smith looks at a market which may, at last, be about to take off

The successful buyer was a farmer from the West Midlands who had previously farmed on a high-yield system and wanted to switch to organic farming. For his money, he obtained 154 acres of land, of which 107 acres was eligible for arable cropping aid from the European Union.

To qualify as organic, a farm has to meet standards defined by EU law. In basic terms this means that artificial fertilisers, pesticides, growth regulators and livestock feed additives are prohibited and the land must be managed to maintain long-term soil fertility, relying principally on crop rotations, the application of animal manures and composts, mechanical cultivation and natural biological pest control.

Farms which comply are awarded the Organic Standard Symbol by the Soil Association, the independent body which administers the scheme. Generally, organic farms keep some livestock to allow for what is called integrated husbandry - manure from the animals being returned to the land as organic fertiliser. Skyrdd, for example, had

been farmed with a mix of arable crops and beef cattle, although the crops predominated.

To make the official switch to organic farming it is generally assumed that the land must have been free from artificial fertilisers and chemical sprays for at least two years.

For example, it would take a dairy farmer who wanted to produce organic milk at least 36 months to make the change. For the last 12 weeks his herd would have to be fed solely on organically produced feedstuffs.

In west Wales, the opportunity to upgrade a herd to organic status came with the sale of the farm Goetre Isaf, where Dougal Campbell, a Soil Association council member and SA symbol scheme board member, farmed and produced Tyngrug Farmhouse Cheddar until his death in an accident last year.

It was expected that an organic dairy farmer would buy in order to diversify into cheesemaking or that a non-farming investor might be interested. Although the stock has been sold, the cheddar is

still being produced by Campbell's company, Welsh Organic Foods, in the specialist facilities on the farm. Marilyn James, its general manager, says milk is brought in from about a dozen organic farms and the cheese sold to specialist stores throughout the UK and is shipped to Germany and the US.

It is hoped that cheesemaking could continue under new ownership, either in partnership or through a lease of the premises. The company also makes Pencarreg soft white and blue organic cheese at its factory in Lampeter.

Goetre Isaf farm, near Lampeter, was auctioned by Morgan and Davies and sold back into the organic movement for £208,000. Andrew Morgan, the auctioneer, says there was strong interest from organic and conventional farmers in the 120-acre farm, its five-bedroom farmhouse and 47,352-litre milk quota.

In the Welsh borders, near Ledbury, there is an opportunity to take up organic farming with the sale of a 257-acre inte-

grated beef, sheep, arable and vegetable farm.

Ray and Elizabeth Hunter bought Lilly Hall Farm in 1985 - then an arable holding - and set about converting it to SA standard. This was completed in 1991. They now wish to scale down for retirement but are eager to sell to someone who would continue farming in the same way.

The cropping land, 218 acres, of which 210 acres is eligible for EU grant aid, is silty clay loam. It is divided into two separate rotations. The bulk is in a six-year rotation of grass-clover, main crop potatoes, triticale and oats for livestock feeding, field beans and wheat.

Around 90 acres are in a five-year rotation of two years red clover and three years vegetables - alliums, brassicas and early potatoes.

Hunter runs the 60 acres in five-year rotation as Little Marcle Organic Partnership with a neighbouring organic producer who has 24 acres. This could continue under new ownership. There is an established outlet for the vegetables which are sold weekly direct to customers.

This too has potential for expansion - 10 extra customers had signed up within days of the BSE scare.

The beef herd, Hereford Cross Friesian and Hereford Cross British White cattle which are mated with a Hereford bull, has BSE-free status; which means, there has never been a case on the farm. Lambs from the 210-ewe flock are sold through Ensor's Abattoir in the Forest of Dean and have been sent to the Netherlands, achieving £55-590 apiece at 12 weeks. The Dutch pay the top prices, says Hunter.

His organic bread-making wheat sells for around £200 a tonne and the farm won the overall award at the Soil Association Organic Foods Awards in 1994 and is a member of the association's Organic Marketing Company. Savills has been quoting £1.1m for the whole, which includes a building for vegetable cold storage and packing, a spacious period house and holiday cottage. The farm is now under offer.

The Soil Association is based at 86 Colston Street, Bristol, BS1 5BB. Tel: 0117-9290661.

## On The Move / Gerald Cadogan

# More for your money in Scotland

House prices have risen on average just over 5 per cent since the end of 1995, reports upmarket estate agent Knight Frank.

Its figures cover cottages, five- to six-bedroom houses (farmhouses or rectories) and seven- to eight-bedroom manor houses with, say, 15 acres.

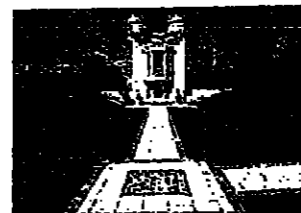
Farmhouse prices have risen most in Scotland, by 12.5 per cent from £200,000 to £225,000, cottages in Devon have gone up 12 per cent, from £85,000 to £90,000, and manor houses in Hampshire

0576), is Dalcross Castle near Inverness, passed to the Mackintosh family in 1720. With 749 acres, and just 2 miles from the airport, it awaits public sale for the first time.

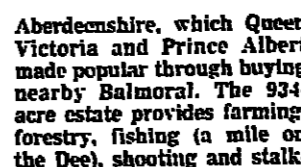
Dess is a Victorian Scots baronial house on Deeside.

the Royal Regatta finishes this weekend, has a mooring quay, wet boathouse and indoor swimming pool, for £149,119,111. For £230,000 (Jackson-Stops, 01243-786316) rarefiers can buy a 1794 estate lodge in brick and flint at Goodwood, west Sussex - a short walk to the course.

Georgian box-houses never go out of fashion. In an erratic modern world they



The Deer Tower, Shillingline



Marsh Mills Boathouse, Henley

Aberdeenshire, which Queen Victoria and Prince Albert made popular through buying nearby Balmoral. The 934-acre estate provides farming, forestry, fishing (a mile on the Dees), shooting and stalking and £22,200 a year from 10 estate houses. Strutt & Parker (01330-824688), which manages Dess, asks for bids over £1.5m.

A sporting estate of 17,000 acres, plus sheep and pedigree Highland cows is priced at more than £2.7m at Inveroykel, 50 miles north of Inverness. It offers double-bank fishing on the Lower



Auchnagowan House

The selling agents, Paul Jackson (0171-408 1400) and the estate factor WHH Cruickshank (01479-821377), ask for offers over £150,000. In Montrose on the east coast, The Retreat is a substantial Georgian house on the High Street, on sale for offers over £180,000 (Savills, 01356-622187).

Such value does not exist in the south. Estate seekers have a choice of three new properties to the open market. The cheapest, at £842,500 (Langley-Taylor, 0131-320

For sports fans, Marsh Mills Boathouse on an island at Henley-on-Thames, where



The Retreat, Montrose

exude a satisfying sense of order. Fyneser praised the Old Vicarage, at Castle Bledingham, Essex, as the "best classical brick house". Aylesford (0171-351 2383) or Savills (01245-269311), £275,000. And Coblerly Vicarage, near Cheltenham, a stone-built house,



is available through Jackson-Stops (01285-653334) for £495,000.

But the Georgians also had a frivolous streak. Follies are their rebellion against conformity. The Deer Tower, at Shillingline, near Chiddingfold, Surrey, is a gothic concoction designed to improve the views of a landscape park. Lane Fox (01428-661077) seeks more than £850,000.

COUNTRY PROPERTY

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Weekend FT



The Legend: big in the US but Honda's ambitions for it in Europe are modest

Motoring

# Honda polishes up its halo

Stuart Marshall on Japanese hopes of creating a legend in Europe

You are a user-chooser, and those who hold the company purse-strings have said you can spend up to £35,000 on your next car. Or perhaps an aunt has left you a tidy sum. In which case you may feel like spoiling yourself by swapping your family hatchback for the grander vehicle you have always lusted after but have never been able to afford.

So what do you buy? The natural choice for most of us would be a BMW 528i SE, Jaguar XJ6 3.2 or Mercedes-Benz E320. Elegance equipped to this level would take you way over budget, at £26,830, although going for an E280 and doing without the CD and leather seats would bring it down to £24,376. Of course, there are alternatives. A Lexus GS300 with all those goodies plus metallic paint and a power-operated sun-roof is listed at £33,865. And Honda's new 3.5-litre, V6-engine Legend, which also comes complete with all the nice things its European rivals regard as optional extras, is more price-competitive still at £22,985 (£23,445 on road). Small and medium-sized Hondas have long been a byword for quality and reliability. But the big Legend has not made the same impact in the European market as the Toyota-built Lexus.

Of the 650,000 Legends made since 1986, only 20,000 have been sold in Europe against 500,000 in the US, where they are branded as Accura, not Honda.

Together with Lexus and Infiniti - Nissan's upmarket brand that is virtually unknown in Europe - it has severely dented US sales of BMW, Jaguar and Mercedes. Honda's ambitions for the Legend in Europe are modest. Forecast sales for the rest of

detects signs of change in the Legend's end of the market. Buyers, it says, are less concerned with the marquee than they used to be.

All they really want is a luxuriously comfortable and comprehensively equipped motor car that will take them safely, reliably, effortlessly and near-silently wherever they want to go. It must, of course, have understated elegance and look good.

Honda does not say so in as many words, but its aim is to convince £35,000 user-choosers to switch from BMW, Jaguar and Mercedes-Benz to a Legend. (More than 50 per cent of owners or users of Legends, it murmurs encouragingly, earn at least £70,000.)

At the same time, it also hopes to convince businessmen now driving the costliest and most elaborately equipped versions of high-volume cars such as Ford Scorpio, Rover 800s and Vauxhall Omegas to move up a class.

Is the Legend good enough to hit these two targets? In all honesty, I have to say that cars in its class are now so good, and the differences in their performance and mechanical refinement so small, it is hard to tell them apart. A few hours spent driving a Legend in Austria, trying hard to find fault, produced few complaints.

Perhaps there was a whisper more wind and tyre noise than a Lexus makes. Did the engine become more audible on kick-down than it would in a BMW 528i? Was the ride as shock-absorbent as a Jaguar XJ6's?

Did it quite match the Mercedes-Benz E320's battle-tank build quality?

Even in self-imposed nit-picking mode, it was extraordinarily difficult to decide.

What I can say is that, were I to ride blindfold in the back seat, I doubt that I could tell you whether I was in a Legend, BMW 528i, Mercedes-Benz E320 or Jaguar XJ6, for that matter, a close-to-£100,000 Bentley Brooklands.

The Legend's boot has a narrower opening than that of the Mercedes but is bigger than a Jaguar's. Its wood veneer and soft leather interior is as discreetly opulent as any rival's.

A Legend cannot match the competition for maximum speed or standing-start acceleration. With a maximum of 134mph/216kph and 0-62mph (0-100kph) acceleration in 9.1 seconds, it is even a mile slower than the 3.2-litre model it replaces.

And it is a touch thirstier, with a predicted average 26.7mpg (10.68 l/100km) against 23mpg (10.1 l/100km). These are hardly make-or-break matters. More to the point are its two-year, unlimited mileage warranty and reduced servicing times and charges. For the new Legend, they have been cut from 17.5 to 12.7 hours over the first three years/60,000 miles and the cost to less than £1,000.

Honda might put it like this: Never mind the badge - feel the quality. Whether the idea will work as well in Britain as in the US remains to be seen.

Handwritten signature or stamp in Arabic script.

GARDENING

Head for the border

Robin Lane Fox discusses the merits of the Hampton Court show

The Hampton Court Flower Show begins on Wednesday and runs through to Sunday. When I first went, only five years ago, it was a homely affair where there was a sporting chance of buying a blackcurrant-scented salvia and swapping stories with the nursery persons.

It has grown even faster than a salvia and last year, it was teeming with added shoppers. I found it easier to discover china models of Jemima Puddleduck in the surrounding craft village than to unearth the rare Japanese epimediums which quicker customers were carting off in supermarket bags to the car park, expecting them to flourish in full sun among the petunias.

It is never too late to improve or rescue a garden by impulse shopping. Most of the books say little about it, but you can still shuffle round your borders in mid-July, patch them up and get away with miracles. Those in the trade tell me that people stop buying perennials after June 25, except for an occasional spur of a show such as Hampton Court where you can repair any gaps or blunders by instant shopping.

As a saving grace, there is Hampton Court where you can repair any gaps or blunders by instant shopping. As a first resort, you have your own botanical eye, which ought to be improving after years with this paper. You have nerve, energy and intolerance, the very qualities which you are given a bonus for exercising until Friday night. Out you go armed with a hose this morning and a fork on Sunday, ready to clear space for something better, possibly a Hampton captive in the middle of next week.

Most of the spring-flowering perennials can be soaked, left for 12 hours or so and then uprooted. This week's rains have eased your task and so long as you soak your victims before moving them, you will succeed in banishing most without loss to the back garden or the vegetables. Wet them before re-planting, throw some compost over their wet roots and plant them, watering again on the following evening.

Last year, the drought would have caught you out, but this year, conditions look more



Mind the gaps: Hampton Court prolongs the season. Trevor Hampton

which is early and leafy can now be beneficially massacred or moved out. Paeonies are exempt because they resent being disturbed. Wild aquilegias and foxgloves are another matter, even when they have deep roots.

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Last year, the drought would have caught you out, but this year, conditions look more

favourable. You can treat many of the early-flowering hardy geraniums in this way without seriously spoiling them. All forms of Geranium sylvaticum, including Bill Baker's admirable pink, can be uprooted and transferred before they revert to miserable leaf.

Most of the meadow geraniums, the forms of pratense, can be treated likewise, despite their central roots which are tough and fleshy. They have looked wonderful for a month, but will now look awful for three more. Pull them out and you have space for a semi-hardy alternative from Brian Riley and his competitors, selling some superb salvias, silver plants, flaming pelargoniums and hellebores by the bagful at Hampton Court.

Other early-flowers need to be cut hard or trimmed back. If your lupins are as good as mine, you will not risk moving the most expensive named forms. Most of the others can be uprooted successfully if you dig deep enough, to leave a marvellous Hampton gap.

The popular centaurea needs different treatment. It is the mildly invasive plant which has flowers like a blue cornflower and has now passed its best. Cut it right back, creating an

open space for some exotic white daisy.

Meanwhile, the centaurea regains its vigour and flowers a second time in September. As a general rule, cut it back if it looks leafy and messy and is not a shrub. Dig it up and dump it beyond the sweet williams if you are confident of getting it in full with two jobs of the fork.

I know this shuffling sounds tiresome. But it only takes a few hours and a sense of adventure and it really does transform a garden's prospects for the next three months. It also runs wonderfully counter to the received and strident wisdom from either corner of the gardening world. Received wisdom tells you to leave herbaceous plants undisturbed for several years and only divide them after three years or more. Strident wisdom is telling you to imitate the garish middle of the roadside, the prairie or the German public plantings which I used to visit in the mid-1960s and always thought to be a mess after late May.

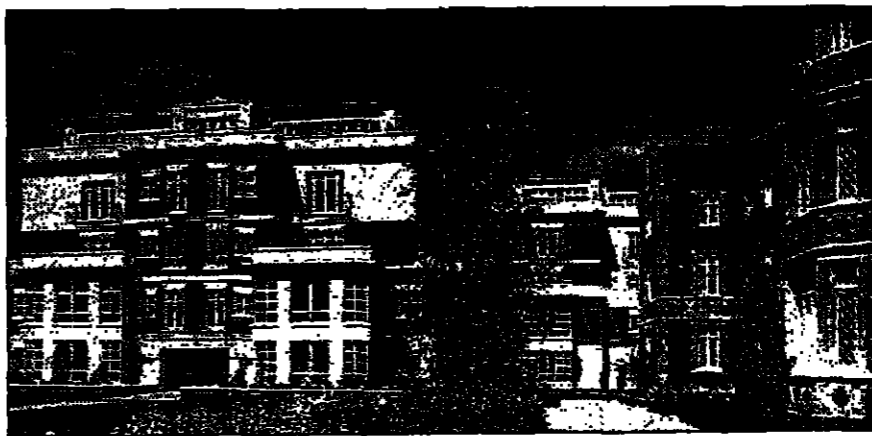
Both sides start with the assumption that you will leave well alone. They harangue into immobility and explain the habit of mine which I recently encountered in a great gardener of the older generation. Under his panama hat, he waved his hand across his walled old rose garden and said that it was just coming to an end and from mid-July he would be thinking only of improvements for next year.

I think, on the contrary, that I have four good months ahead of me, that I would not garden if everything stopped on July 30 or looked like a German straggler from July onwards. Gardening is a game, played to the limits of your own tolerance and the tolerance of plants which you can please.

This weekend, I will be making holes, digging out gaps and removing what are too often thought to be permanencies with a necessary off-season. I will then survey Hampton Court with amusement, looking for quick, tender fillings. Anything is possible, except a craft-designed Jemima Puddleduck which belongs firmly on the far side of the garden wall.

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FOOD AND DRINK

# The sweet taste of an English summer

Philippa Davenport praises fine home-grown produce and cooking

When the English summer social season is under way, the weather plays fair and the countryside looks like a Constable painting, hearts begin to beat faster. The pleasure of being in England and indulging in all things English seems irresistible. The lure of the Mediterranean diet fades, temporarily at least, in favour of local treats. I have feasted on marvellous asparagus this year, that shot up almost overnight during the heatwave in the first week of June.

I have eaten fine salmon, exquisite new season's lamb, delicately watery cucumber, the sweetest of peas and properly ripened strawberries of good flavour straight from the garden.

Perfectly timed to celebrate this season of Englishness are two new books.

*The Secrets of Country Cooking* by Angela Rawson and Nikki Rowan-Kedge marks the 25th anniversary of the authors' careers as specialist outside caterers and restaurateurs cooking up treats for the privileged classes of the Wiltshire, Somerset and Berkshire borders.

Leaves and Fishes, their restaurant, was once housed in a converted chapel on the Marlborough Downs (the Aga on which they cooked was sited in a side altar). Now they have moved to just outside Burbage (tel: 01672-810211).

The book has a rather endearing scrap book quality, with recipe introductions taking the form of affectionate glimpses into the lives of the caterers and the catered to.

The recipes are unashamedly untrendy - except, of course, that the cooking of the 1960s and 1970s is enjoying a fashionable revival among the young who are latching on to the timeless comfort of the style favoured then, with its chilled mousses and soufflés, meaty rich pâtés and terrines, game ragoûts and casseroles, and calorific carefree puddings and pies.

"New" ingredients, such as mango and lime, feature in this book but diehards will relish the fact that it is free of aubergine, olive and sun-dried-tomato; butter is the preferred cooking medium; sauces tend to be roux-based; and the pleasures of cream are not overlooked. In short, this is the sort of food that many Britons secretly, if not openly, like to eat best.

The second book, by Geraldine Holt, is *Country House Cooking*. Holt's culinary style is more eclectic, her tastes are lighter, more sophisticated and internationally adventurous than Rawson and Rowan-Kedge's, as befits one who has made her home in Devon, France and the US.

Holt's cooking is a flavoursome, sometimes riotous, patchwork quilt. *Focaccia, anchoïade* and *escabeche* all figure in one dish; chicken (spatchcocked), foie gras butter and melon salsa meet up in another.

This may alarm traditionalists, but any book by Holt is good news. She is an excellent cook as well as an imaginative one, and the more esoteric combinations are counterbalanced by others along classic lines (for example Parfait Bree, poached mackerel, raised game pie, partridge with grapes, and rabbit pie with parsley cream), though even these are often given personal interpretation.

The justification for the title of the book lies not in the recipes it contains but in the fact that they are all intended to be cooked in the oven, and instructions are given for cooking them in those Range Rovers of the English country house kitchen: the Aga and Rayburn, as well as in standard gas and electric cookers.

The appeal of the grand English Country House has never been greater than now, but in these egalitarian times many National Trust visitors express as much

**The hierarchy among servants was considerable; the upper servants at Petworth had their own dining room and the chef was always a Frenchman**

interest in what went on behind the green baize door as in the wish to see front-of-house splendours. Archivists have delved and restorers worked accordingly.

Last year, the servants' block at Petworth, West Sussex, one of England's greatest houses, was partly opened to reveal the old kitchen with its splendid *batterie de cuisine*, the scullery, still room and pastry room, the delights of which were celebrated with various jamborees including a jelly festival.

This summer the larder and the chef's office/sitting room go on show for the first time, where you can see, among other things, the menu books in which daily records were kept of meals served in the main house and of meals eaten by the servants. The hierarchy among servants was considerable; the upper servants at Petworth had their own dining room (still in use at the turn of the century) and the chef was always a Frenchman.

To celebrate the opening, a special study day is to be held at Petworth on Friday July 26, with lectures on the development of the English country house kitchen and cooking techniques from 1800-1900, with detailed insights into domestic life at Petworth in particular, given by historian

Peter Brears and Diana Owen of the National Trust. Tickets, including lunch and tour of completed works and further works in progress, cost £25. For more details and bookings telephone: 01793-342207.

Cookery demonstrations are planned during normal opening hours on July 27 and July 28 (no additional charge, no bookings necessary).

**CHILLED HAM MOUSSE**

(serves 6)  
From *Secrets of Country Cooking* by Angela Rawson and Nikki Rowan-Kedge (a paperback original published by Little, Brown & Co, £9.95).

24g aspic powder dissolved in 300ml water; a few cucumber slices, strips of lemon rind and whole tarragon leaves to garnish; 350g minced cooked ham; 150ml béchamel sauce of binding consistency; 1 teaspoon finely chopped fresh French tarragon; 3 tablespoons mayonnaise; 150ml whipping cream, lightly whipped.

Line a soufflé dish or six individual ramekins with a little of the dissolved aspic jelly. Chill until set then decorate with cucumber, lemon rind and tarragon leaves.

Mix the minced ham into the cool or cold béchamel sauce, add the chopped tarragon and season to taste. Stir in the remaining aspic. When the mixture is on the point of setting, fold in the mayonnaise and whipped cream. Spoon it into the aspic-lined dish(es), cover and chill until completely set (one to two hours for ramekins, up to six hours for a soufflé dish).

To unmould, three-quarters dip the dish(es) quickly into hot water to loosen the mixture and turn the mousses out on to a serving plate.

**MACKEREL POACHED IN TEA**

(serves 4)  
From *Country House Cooking* by Geraldine Holt (Boxtree, £16.95).

4 medium-sized mackerel, cleaned and ready to cook; 4 bay leaves; 12 black peppercorns; 1 tablespoon dark muscovado sugar; 85ml cold smoky-flavoured Lapsang-Souchong or other black tea; 85ml cider vinegar.

Dry the fish with kitchen paper, season lightly with sea salt and arrange them in an ovenproof dish. Add the bay leaves and peppercorns. Mix the sugar with the tea and the vinegar and pour over the fish. Place a sheet of foil over the dish.

Bake at 180°C (350°F), gas mark 4, or in the roasting or baking of an Aga or other cooking range for 20-30 minutes until the fish are just cooked. Remove from the oven and allow to cool, then chill. Serve when the liquid has set to a light jelly and the fish have acquired a delicate flavour.



The kitchen at Petworth; the table is laid with jellies, jelly moulds, cream, meats, fruit and vegetables

The National Trust Photographic Library

## Blanc returns to his Oxford roots

Nicholas Lander enjoys the food at Le Petit Blanc but has some other reservations

Chef Raymond Blanc came across to our table scowling. "I am livid with my kitchen fitters," he explained, waving a tape measure, a packet of cigarettes, a lighter and a set of kitchen drawings at us.

"They have ruined my kitchen which I had planned down to the last centimetre," he said squinting his thumb and forefinger together. "And you have no idea how busy we have been since we opened three weeks ago, turning hundreds away every day."

If Blanc was trying to cover up for any mistakes his kitchen were about to make, his words were wasted. Of the 12 dishes which the four of us ate - and our table included another food writer and two hoteliers - only one disappointed. The rest were well executed, attractively presented and value for money.

Le Petit Blanc is not so much the opening of a new restaurant as a second coming, a return to the city where Blanc began and to the style of cooking he does best.

Blanc opened the first Le Petit Blanc in Summertown, another district of Oxford, before moving on and out of Oxford to Le Manoir aux Quat' Saisons in Great Milton in the Oxfordshire countryside.

I may be alone in this, but I have never been able to relax and enjoy eating at Le Manoir where the pretentiousness of the service and the food, not to mention the prices, have always inhibited full-blooded pleasure. A dinner at Le Petit

Blanc, however, one sunny evening in May 10 years ago, still lingers pleasantly in my memory.

The second Le Petit Blanc has echoes of its predecessor. There is plenty of natural light: a large window looks on to a small water garden and the interior design is clean and bright. It is unmistakably a Conran interior, with an open kitchen at the far end.

Fitting it out cost £120,000. A modern Molteni spit that long to try catches the eye - but at £21,000 it is perhaps beyond the amateur chef. These costs are not reflected in the menu prices.

We all ate three courses from the extensive *à la carte* menu and, with one bottle of over-priced wine, plus water and coffee, the bill came to £120 including service.

It was difficult to decide which was the best first course. Even a simple leek and potato soup looking refreshing and tasted earthily delicious. It was outshone by the appearance of a deep red tartine of pressed, soured tomatoes and aubergines served on a yellow and white plate. Two perfectly grilled small fillets of tuna on rocket and roasted yellow peppers were enhanced in flavour and appearance by thin slices of deep fried tomato.

Rabbit in a mustard and tarragon sauce fell succulently off the bone: brill was precisely grilled and served with saffron potatoes. Only its description as "drenched" with herbs and *beurre blanc* put me off. But it would have been a better choice than my guinea fowl which, although described as free range and corn fed, was dry and not revived by a bland lime leaf and ginger sauce.

A plate of five different ice creams and sorbets, billed as produce of the Manor's kitchens, a fact confirmed by the presence of the Manor's van outside, was equalled in lushness only by a slice of Valrhona chocolate cake on a hazelnut sauce.

Floating islands - a litmus test for any dessert chef - passed muster with only the unnecessary addition of sliced almonds detracting from its classical purity.

Le Petit Blanc is a chef-led restaurant and this accounts for its strengths and weaknesses. In addition to the quality of what we ate, there is a £14 menu *du jour* and plenty of clearly marked choices for vegetarians, mushrooms and a Gruyère sauce earning special praise. A three-course menu offers exceptional value for children at a mere £5.

By contrast, the wine list is a travesty, only bothering to mention a third of the producers by name, thereby depriving the customer of any hint of likely quality. It is rapacious too in its mark-ups with the bottle I ordered hiding, I subsequently discovered, a mark-up of 300 per cent, excluding VAT. Charging £21 for a bottle described merely as Brouilly 1994 seems a bit steep.

The pre-eminence of the chef also means that the menu advertises not only the Conran Design Partnership but also a champagne house and the supplier of the table and glassware, companies who obviously want to be associated with Blanc.

Surely, Blanc, in whose restaurants Richard Branson's Virgin Group has a 50 per cent stake, now has the financial independence to stand above this? Otherwise it does leave the impression that he is endorsed in some way by every ingredient mentioned on the menu from Valrhona chocolate to Aberdeen Angus beef and Oxford sausages.

It is not surprising that Le Petit Blanc is already humming, offering as it does exceptional value in a popular neighbourhood of a lovely city. By setting such standards and by choosing to open long hours, from 8am until 11pm non-stop seven days a week, however, it is to be hoped that Blanc will not ask too much of his staff, as he invariably seems to do of himself.

Le Petit Blanc, 71-72 Walton Street, Oxford OX2 6AG. Tel: 01865-510998; fax: 01865-510704.

**Breakfasts**

## Hold the cornflakes, pass the champagne

Sue Style enjoys a dream start to the day

Breakfast," observed Clement Freud, "is a notoriously difficult meal to serve with a flourish." Perhaps Sir Clement has never started his day at the Hotel des Berges, an eight-bedroom hotel in the garden of the Auberge de l'Île, in Illhaeusern, Alsace.

Breakfast there begins with dinner: clearly one needs to be at the hotel in order to qualify for breakfast. And, having made the decision to spend the night here, one might as well have one's evening meal

at the Auberge before wandering back across the garden to Les Berges.

A little repast of Marc Haerberlin's succulent *terrine de dos de saumon et d'esturgeon fumé* with its plump, dill pancake stuffed with sour cream and caviar, followed by a dish of crusty-skinned pike-perch with its nage of *écrevisses* should not, we reasoned, compromise the potential success of breakfast too seriously.

Doubtless one should not have had dessert (walnut parfait plate with nougatine and roast figs with a cocoa and Grand Marnier sauce, an assortment of rhubarb puddings hot and cold); doubtless one did.

We slumber deeply in sweetly scented linen in an air-conditioned, wood-paneled room. The day dawns hot and sunny. At the bottom of the garden the willows bend low to the river's edge. At their feet the boatman stands at the ready in his flat-bottomed fisherman's barge. Breakfast - by special request - is on board.

A fat wicker hamper of Ratty-esque proportions is hoisted on board. Fixed to the side of the boat is a specially designed hamper-holder, rather like the arrangement used to append window boxes to the front of Alsatian houses.

The hamper is inserted and miraculously the boat stays upright - even when we step on board and settle into the cosy checked cushions on the small wooden benches to either side of the table. Mobile phones are confiscated by Marco, our host at Les Berges. The boatman casts off. Champagne glasses are raised. Breakfast has begun.

The hamper lid is raised to reveal cold meats, *presskopf*, pâté, ham, black pudding, bread, cheese, croissants, mini-*kaugelhopfs*, quince jelly, rhubarb jam... It seems altogether too much. But we are assured that it is only what the hotel always provides for such little excursions so we resign ourselves to the prospect of the breakfast of a lifetime. *Crème brûlée* takes the place of cornflakes, champagne sup-



The highly regarded Auberge d'Île

Anthony Stone Photo Library

plants (and water and instead of cold toast comes a baker's basket of breads fresh from the kitchens of the Auberge: rye bread with walnuts, slices of crisp baguettes, *pain au chocolat*, rye breads and a *kaugelhopf* little larger than a tennis ball, lightly dusted with icing sugar. There are slivers of tasty mountain cheese and a platter of home-made charcuterie. Coffee and tea complete the picture.

The river slides sleekly by. Hansala, the resident stork, leaves his church nest and idles over to greet breakfasting guests, on the terrace and on the water.

Monsieur Haerberlin waves from the garden of the Auberge and wishes us *bon appetit*. The boatman ferries us skilfully upstream, saluting his mates as we pass the village pub above the bridge. A carpenter by trade - and a fisherman for fun - he takes time off occasionally from his busy schedule to take breakfasting guests on the water.

The cold meats and cheese are demolished, the breads are dealt a deathly blow, coffee and tea is downed. The dream is over, reality reasserts itself. Breakfast can, on occasion, be served with a considerable flourish.

**Appetisers**

## Smoke your own trout

A small Hampshire company is producing high-quality, traditionally-made, smoked food products with no artificial colours or flavours at reasonable prices. Ethington Smoked Foods, of Station Road, Liss, has a selection including trout, salmon, duck, chicken breasts and cheese which would make perfect dinner party starters or, indeed, an entire meal.

Prices start at £1.80 per 250g for smoked egg mayonnaise up to £8.50 per 500g of smoked salmon. The snag is that the company does not do mail order but will soon;

meanwhile, personal shoppers are welcome. However, if you have the good fortune to have a heat on the Test why not let the company smoke your catch (all fish £1 per lb fresh weight - minimum charge £4) using only English hardwoods? For further information tel: 01780-865395 and 01256-696952 or fax 01780-892368. Jill James

Two new Italian restaurants have opened in London - perhaps to take advantage of the warm summer evenings. Osteria Le Fate specialises in dishes from Liguria, in particular Genoa, and is at 5 Draycott Avenue, SW3 (0171-591 0070). A two-course

lunch there costs £14.50, and a three-course dinner £20.50. Cento 50, at 150 Notting Hill Gate, W11, (0171-221 3118) has a designated pizza chef and an intriguing wine list assembled by Italian specialists, Enotria Winecellars. Nicholas Lander

After silvered almonds, the Chocolate Society is now selling the gold-plated variety. A sweet little extravaganza for a special occasion, they cost £11.95 per 350g box (£3.50 p&p) and are available by mail order from the society at Unit 8, St Pancras Commercial Centre, 63 Eardly Street, London NW1. OBY. Fax: 0171-267 5367.

Frustrated gardeners stuck in patio-less, window-boxless city homes far from allotments and pick-your-own farms may be pleased to hear that Sainsbury is now selling strawberry plants boxed in their own mini gardens, a follow-on that, it is hoped, will

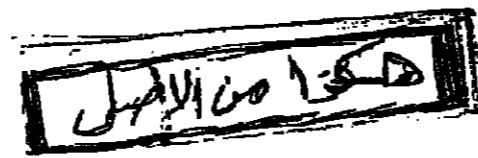
prove as successful as the introduction of boxed mustard and cress, potted herbs and cut-and-come-again saladings. Philippa Davenport

In our feature on Greek food and drink, the phone number for Gentilini UK was given incorrectly. For all inquiries on the company's wine, ring Anthony C. Merangos on 0171-590 6481 or fax 0171-580 4729.

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TRAVEL

# A whiff of the tropics in Queensland

People going to Australia used to be sent there, emigrating or visiting relatives. But the higher speeds and lower prices of air travel are making it a realistic holiday destination. In the first of three pages of articles, Nicholas Woodsworth travels to the country's far north

There is a moment of arrival I relish - that instant when, on stepping from the refrigerated and sterile atmosphere of an aircraft, one takes a deep breath of the air of a new place. Cool and mist-soaked, dusty and fragrant, or hot and fuming, that first lungful of air can be more tantalising, more packed with intimations of things to come than a rackful of brochures.

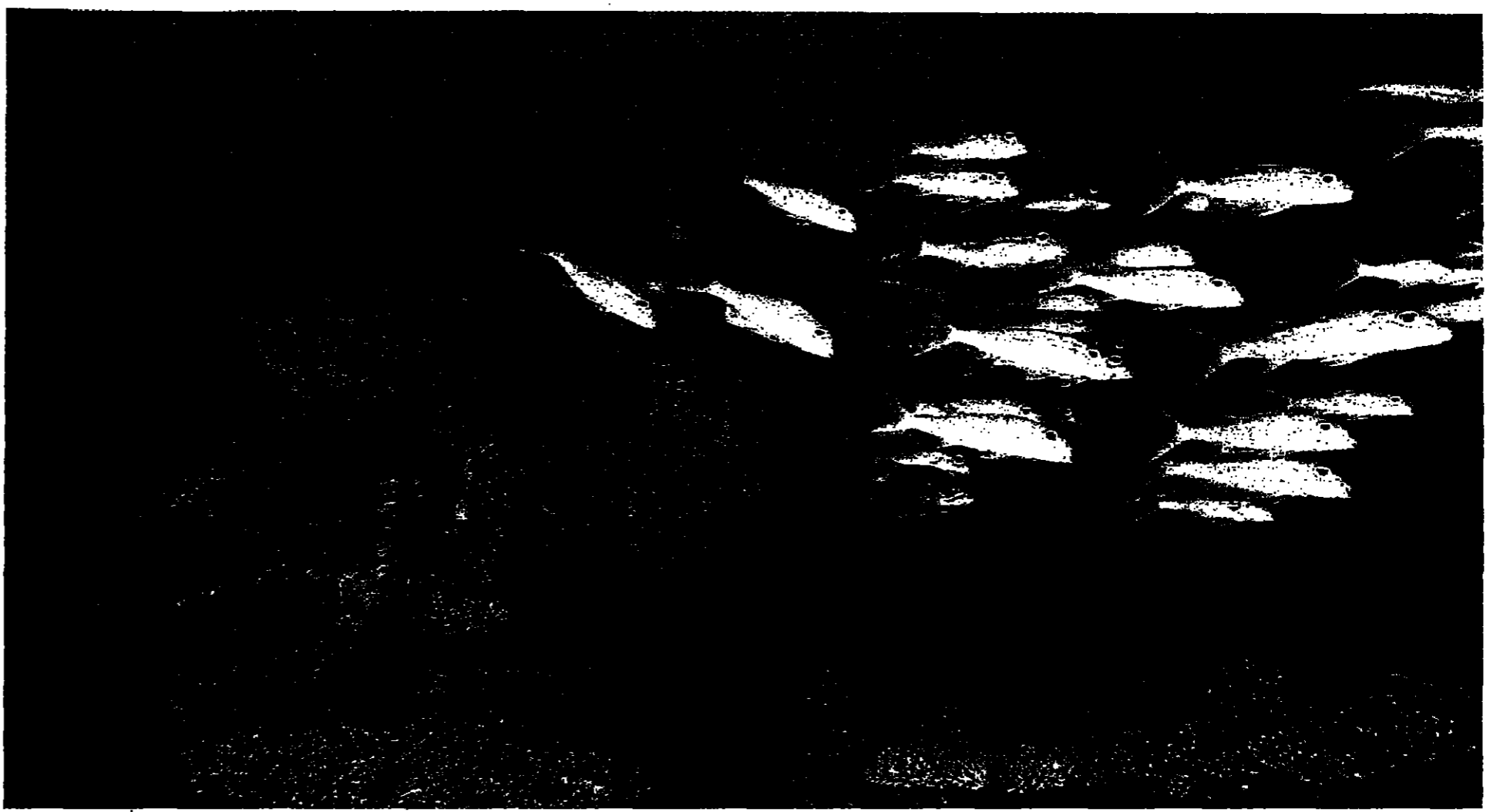
I was rapt when, stepping on to the tarmac after a long flight to Australia, to sniff the warm wind and have it tell me I was in south Florida.

I sucked down another nose-ful. There was no doubt about it, it was all there - the humidity, the salt breeze, the rich hint of vegetal rot, the slight whiff of boginess and dissonant living. But this was not Key West - this was a lush coast on the other side of the world, a part of Queensland so distant from the big cities of the south it is known as the Far North.

At least I hoped it was. The illusion of America persisted even after I left Cairns airport in a rented car and began threading my way up the coast beside a warm and placid sea.

This was not the conventional tropics, the sweaty third world of pot-holes and wheezing buses, roadside chickens and one-room shacks. Looming before me instead was an affluent tropic. On the outskirts of Cairns there were shopping centres, suburban bungalows, fast-food drive-ins, swimming pools. Even the logos on the licence plates of passing cars tried to persuade me I was closing in on Disneyland - "The Sunshine State" they read, precisely as they do in Florida.

But any idea that I might have got on the wrong aircraft vanished when, an hour later, I



A treasure chest off the north Queensland coast: yellow striped goatfish on the Great Barrier Reef

turned off the main highway and followed a long avenue of palms to the resort town of Port Douglas. Popular resorts in Florida are tacky, overcrowded and highly commercialised. Port Douglas is not in the same league as America's brazen tourist hussies.

There were lush trees and plants; wooden clapboard houses on broad streets; wide-verandahed bars and hotels open to the breeze; a lazy, indulgent atmosphere. In the holiday season there is a fair amount of partying and merry-making. But if Port Douglas brings Key West to mind, it is a calmer, tidier, more sedate Aussie Key West. On Macrossan Street, the town's one commercial thoroughfare, there are still men wearing shorts and long socks; parking meters, miraculously, have yet to make an appearance.

Not so long ago Port Douglas was a maritime fishing port slumbering its way through heat and humidity. What, I asked resident Josh Gibson, has turned it and other towns along the far north coast around? Her answer was simple - air conditioning and Australia's discovery that it is possible to live comfortably in the tropics.

Gibson is a marine biologist and, like so many other Australians, a nature enthusiast. The north Queensland coast, she said, offers her the outdoors in a way no other part of Australia does. Just 8 miles off Port Douglas's beaches begins one of Australia's national treasures, the Great Barrier Reef - the size of Britain, it is the largest coral reef system in the world.

Just inland lies another area listed by Unesco as a World Heritage site, 900,000 hectares of wet tropics rainforest. Comprising only one-quarter of 1 per cent of the Australian land

mass, the rainforest contains half of all the plant and animal species on the continent.

Nowhere else in the country, she said, is there such accessibility to such a variety of natural beauty. Other Australians seem to agree - many have opted to move here. What saves it all, what prevents the Far North from becoming another hectic and overcrowded Florida-style vacationland, is the area's isolation - Brisbane is 1,400km away - and the vast continent's relatively tiny population of 18m.

The north coast has not always been looked on so favourably. Today it appears fertile and prosperous - driving down the coast towards Townsville under the tumbled, heavily forested hills of the Great Dividing Range, I drove hour after hour through fields of sugar cane ready for harvesting. Around Inisfail there were banana plantations. Further on were roadside stands selling pineapple, mango, paw-paw and rambutan.

But not far from the little stream of Corroore Creek I stopped at a cemetery in which the headstones, although dating from the turn of the century, were blackened by heat and humidity. The climate, the isolation, the back-breaking work of the cane fields did not attract Australians from the milder climates of the south - much of north Queensland was

tucked into was down-to-earth pasta and the decor strictly modern small-town Formica.

"Enjoy the relaxed elegance of O'Leary's basement bar," I heard on the radio as I drove along a warm and breezy seaside esplanade into Townsville. Australia's largest tropical city (population 125,000) has pretensions of urban sophistication, but it too, thank goodness, remains a lively, untidy, friendly provincial town.

A seat of government and the sugar trade, Townsville is also the world's largest centre of marine studies - the Great Barrier Reef dominates the lives of a wide array of marine scientists, researchers, academics and students living there.

It also dominates the imagination of visitors to the Great Barrier Reef Marine Park aquarium, the biggest coral aquarium in the world. I watched fascinated as diminutive, grey-haired Rosemary Payet, an aquarium guide as gentle and timorous-looking as my own grandmother, enthusiastically pointed out scorpion fish, sea snakes and moray eels.

But she was even more enthusiastic about the underwater beauties that lay just offshore. It was irresistible. A day or two later, from my bungalow at the Kewarra Beach Resort - a delightful retreat hidden in a sea-side rainforest 20 minutes from town - I made my way to busy Cairns harbour. Not long after, I found myself in mask and fins plunging from the stern of a bobbing dive-boat.

Opening my eyes to a blue, fish-teeming scene, I suddenly saw what Josh Gibson and Rosemary Payet were on about. Another new and tantalising world. My sole disappointment as a fresh arrival was that I could not take a deep, investigatory breath of it.

Nicholas Woodsworth flew to Australia with Qantas Airways. Tel: 0345-747767. Information about north Queensland may be obtained in London from the Australian Tourist Commission, 10 Putney Hill, SW15 6AA. Tel: 0181-720 2227.

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TRAVEL

**O**f Tasmania's landscape it was written: "A wilder scene could scarcely be imagined... the hills, which have a forbidding appearance... occupy three-fourths of the whole." And it remains little changed since British surveyor James Calder wearily scribbled down this description in 1840. But the rough terrain has always been one of the island's most important assets.

In Calder's time, the harsh remoteness of Van Diemen's Land made it the ideal dumping ground for convicts. Today, more than 12,000 sq km, 20 per cent of Tasmania's total area, form one of the last great unpermeated wilderness zones in the world, listed as a World Heritage area by Unesco.

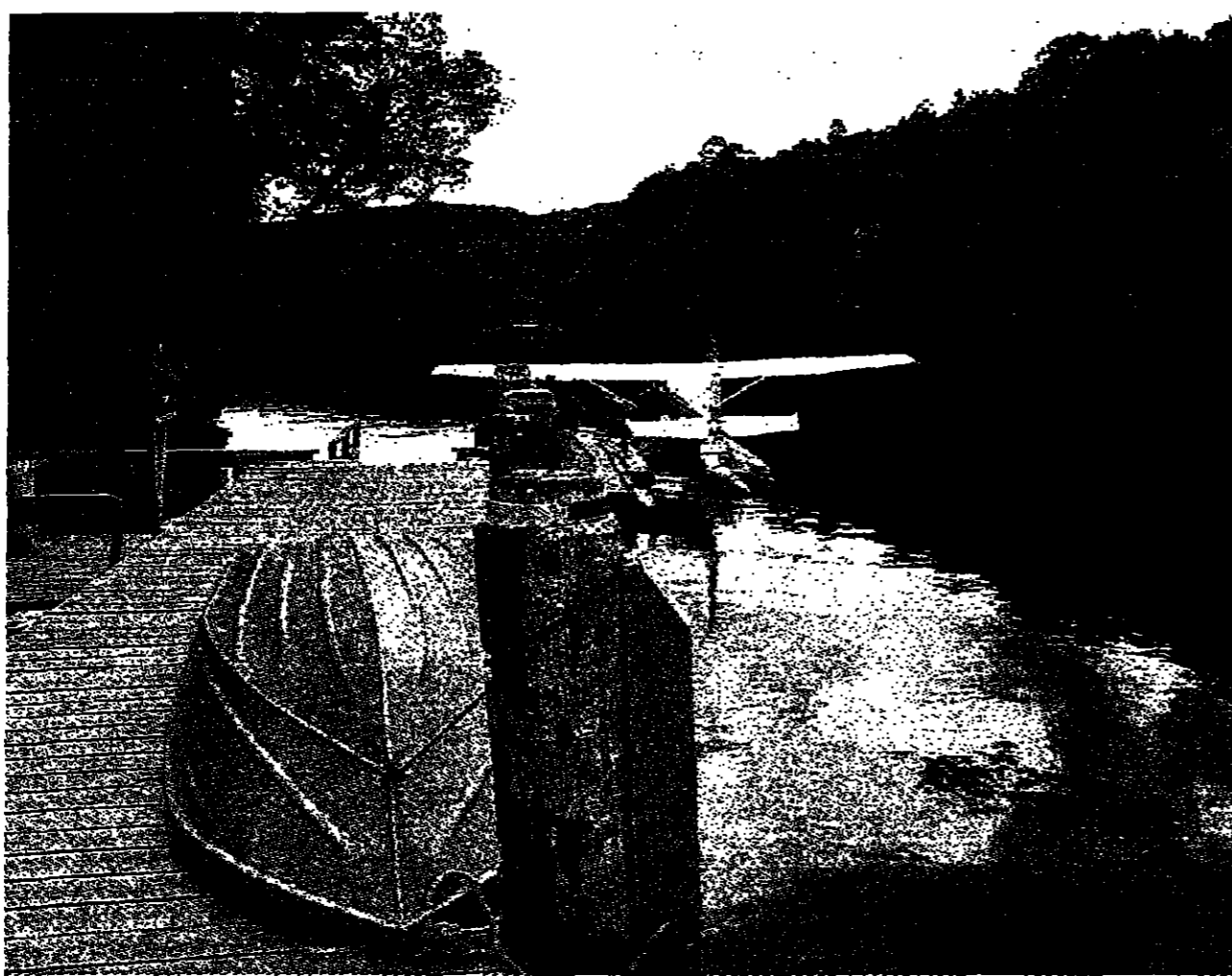
The day I landed at Devonport, on the north coast, the island was living up to its rugged character. We had had a rough time crossing the Bass Strait from Melbourne in The Spirit of Tasmania, and the ship, inching into the tiny harbour, was buffeted by cold squalls of rain.

It was, I discovered, the worst summer Tasmania had known for 30 years, and as I set off to drive up to Cradle Mountain, Lake St Clair National Park in the central highlands, mists closed in, obscuring even the views that had so disheartened Calder. At Cradle Mountain Lodge, a rambling timber hotel set on the fringes of the national park, earnest groups pored over maps by roaring fires.

The lodge was the starting point of the Overland Track, a six-day walk across the high mountainous park and conversation revolved around waterproofs, boots and survival rations. I set off for a more sedate 6km stroll to Dove Lake, with guide Laurie Wootton, a 77-year-old who looked 20 years younger.

We moved wetly through dripping eucalyptus and beech forest, with Wootton pointing out the extraordinary variety of tree species which make up a temperate rainforest. Huge pencil pines, which can take up to 1,400 years to reach maturity, faded into the murk above, and the tanglefoot, Australia's only deciduous tree, provided a rare splash of autumnal colour.

He had first climbed Cradle Mountain 50 years before and had a passionate love for the area. "Up here," he enthused, "you can only hear nature, and



Seaplane on the Franklin river: scene of a great environmental battle

Nick Haslam

## Rough diamond off the coast

With its wet climate, rugged terrain and brutal history, Tasmania has much to offer adventurous types, says Nick Haslam

at night, see no other light than that of the moon and stars."

I wondered, uncharitably, if the visibility ever extended farther than 5 metres, when, as if on cue, the mist lifted and we saw, for a brief moment, the dark still waters of Dove Lake whose warbling calls had resounded through the mist, suddenly landed at our feet, looking at us calculatingly

with a hard yellow eye. "A currawong," said Wootton. "Hardly looks like there's room in his head for a brain, but they'll whip a sandwich out of your hand."

The mist swirled back, and we returned to home, passing a group of trekkers, striding out for the Overland Track. The next morning I drove down through the cloud line across rugged countryside to Strahan on Tasmania's west coast. A fishing village of small cottages, Strahan lies at the top of Macquarie Harbour, a broad 20km loch flanked by the mountains of the Franklin-Gordon Wild Rivers National Park.

On the quayside, fishermen were unloading boxes of large shellfish from the hold of a small trawler. The weather had cleared at last, and the sun was setting against a livid sky of high clouds. I asked the fisherman if it bode well for tomorrow. "God knows mate," he said. "It rains here 240 days out of the 365." But the next morning dawned bright and clear, and determined to take advantage of the weather, I took the only easy way into the Franklin-Gordon national park.

At a wooden dock in Strahan, I joined another tourist, an engineer from Sydney, and we boarded a small Cessna seaplane. After briefly taxiing out into the sound, we took off and climbed over the narrow

entrance to Macquarie Harbour. As the aircraft banked around and headed for the mountains, Dave, the young pilot, pointed towards a small islet lying in the centre of the sound. "Sarah Island," he shouted over the noise of the engine. "Tassie's worst penal colony in the early 19th century. They used to keep the convicts in fetters so they couldn't swim out. Most of them died anyway!"

We climbed high over the first range of mountains, and then spiralled slowly down over thick forest to where the Franklin river twisted through a steep sided ravine. The pilot eased back on the throttle, and suddenly the tops of the huge Huon pines were above us, as we threaded our way along the gorge, finally touching down in the black still water.

We glided to a wooden jetty, the sudden silence made more abrupt by the liquid calls of two startled magpies. "Heritage Landing," said the pilot. "We'll have a smoke for 10 minutes." We climbed out to stretch our legs, and stood for a while absorbing the peace of the immense forest around us.

In 1885, this area had been the site of the greatest environmental debate in Australia, when plans to dam the Franklin river for hydroelectricity resulted in an 11-week blockade, with protesters being arrested in their hundreds.

The engineer from Sydney remembered seeing the stand-off covered on TV. "At the time, I thought it was the bloody greens making trouble again. But if it hadn't been for them," he said reflectively, looking up at the trees, "all this would have gone."

We climbed back on board again, and the Cessna headed back to Macquarie Harbour. I drove 300km the next day across the top of the Franklin-Gordon national park, down to the state capital Hobart, one of Australia's oldest cities.

For the first time, the sky was clear, and the sandstone Georgian warehouses on the waterfront, many of which had been built using convict labour, shone a bright burnished gold. There was a street market on the quayside, and despite the blazing sun, I bought a black umbrella from a well-stocked stall. I asked the weatherbeaten stall holder when he thought I might need it next. "Keep it handy mate," he said. "Here in Tassie we say that if you don't like the weather, hang around for half an hour and you'll get all four seasons."

Nick Haslam flew to Australia with Qantas and British Airways. Excursion return fares from London Heathrow to Sydney start at £223 plus tax. His itinerary was organised by The Department of Tourism, Sport and Recreation, Tasmania.

## Ned Kelly - still a wanted man

John Westbrooke on the legend of a wild bushranger

**G**lenrowan is a typical town of the Australian bush, a few blocks square, a long way from anywhere. It would be a small rural community like any other but for its one distinction: it was the scene of Ned Kelly's Last Stand.

The bush is pretty much anything that is neither city nor desert (the "outback"). The rolling green farmland, dotted with eucalyptus, is not too dissimilar to an English landscape, but it is more expansive, and the weather more extreme.

Nowadays, it is easily accessible. Glenrowan is in Victoria just off the Hume highway, the main route linking Sydney, Melbourne and Canberra - Australia's three most important cities. Roadside signs promise wombats and koalas and kangaroos, but you may see nothing more ethnic than a kookaburra.

Last century, though, it must have seemed very different. European settlement was nervously making its way inland but roads were poor, the land rugged and communities far apart: gold rushes lured larrigans from all over the world, but provided little respite from the widespread poverty.

This was the land where bushrangers such as Mad Dog Morgan, Captain Moonlight and Ned Kelly flourished. A replica of the Kelly homestead has been built in Glenrowan.

Outside, it is a sturdy enough log cabin; but inside it is dim and shabby, its walls lined with newspaper. You can see why a young man would sooner be away bushranging.

Ned Kelly was a country boy born to a fisherman transported for stealing pigs. He was in and out of scrapes with the police, but the real trouble began in 1878 when a drunken constable claimed the Kellys

had attacked him and Ned had shot him. Ned swore he had been elsewhere at the time, stealing horses; but his mother was jailed, and he furiously escaped into the bush.

He formed a gang with his brother Dan, Steve Hart, Joe Byrne and Aaron Sherritt, and they had a brief but notorious career, robbing banks in Jerilderie and Euroa, now sleepy hamlets. In a gun battle at Stringybark Creek, three pursuing policemen were shot dead.

Sherritt turned informer and was kept in a hut under police protection. The gang brazenly swept the hapless guards aside and killed him, then prepared to derail the train they assumed would bring reinforcements. But rather than summon help, the policemen

tively civilised. Nowadays, it is clean and bustling. Among the sights is the Melbourne Gaol, one wing of which is still standing, thanks almost entirely to its connection with Kelly. It's a grim place, even whitewashed and turned into a tourist attraction: three storeys of cells opening on to a dimly lit corridor, with exhibits telling the tales of inmates who died there. It was modelled on London's Pentonville Prison, stressing silence and isolation (convicts who left their cells had to wear a hood over their heads), which it was hoped would induce introspection and reform.

After executions, corpses were returned to families, until one widow displayed her husband's in her oyster shop, decked with flowers, after that they were buried behind the prison walls. Victims' heads were sometimes severed for death masks to be taken, then handed to cranialogists, who felt their bumps and pronounced them criminal.

Kelly, whose death mask is on show, was one of them. The gallows is still there, in an alcove opposite the condemned cell, with life-size models of all involved in his final moments. He went calmly to his death on November 11 1880. He was 25. His last words: "Such is life."

The legend lives on in Glenrowan, although the inn burnt down during the siege. A large statue of the outlaw, in armour, stands outside the post office. A museum tells visitors more about his life than they may want to know, although there is no simple, short biography for non-Australians.

Australians remain devoted to Kelly's memory. He encapsulates what they like to see as their rebellious attitude towards authority, born of dislike for the English system that transported their ancestors there. (Ironically, the policemen Kelly killed were Irish by birth, Kelly Irish only by descent.) "As game as Ned Kelly" is the national simile.

His compatriots liken him to Jesse James or Robin Hood, the sort of romanticising that does not always square with the facts. But countries often like to find such quixotic figures in their past.

The most memorable depictions of Kelly are the paintings by Sir Sidney Nolan, showing him in armour - an almost abstract arrangement of black cubes set against vibrant Australian colours - now on display in the national gallery in Canberra. Meanwhile, three Aborigines are suing Victoria and New South Wales for unpaid wages. Two of their ancestors, they say, helped track the Kelly gang and claimed the reward of £50 each - but did not receive it. At 12 per cent a year for 115 years, they calculate that this comes to A\$4m (£21m). It seems unlikely that they will get it. As Ned Kelly could have told them, life is not always fair.



Ned Kelly lives on: "Fire away, you can't hurt me!"

John Westbrooke

Check In / Marion Hume

## Cairns and its luxurious ports of call

**I**f Cairns International Airport in Queensland is your first port-of-call after the long journey to Australia, The Reef Hotel Casino is worth considering.

Do not be put off by the name, or the shiny car swathed in ribbons just outside the casino entrance. The hotel and casino are operated as separate entities, so you are unlikely to find people stumbling drunkenly past your bedroom, boasting about their winnings at the gaming tables.

The attractions of this hotel for the long-distance traveller are two-fold. First, it has airy, bright, big bedrooms with bathrooms containing the kind of power-shower guaranteed to help with jet lag. Also in the bathroom, a relaxing Jacuzzi bath and louvred doors which slide open so that you can enjoy a view across the bedroom and out to the sky while you soak.

The other reason to visit this hotel is to make use of an innovative jet-lag cure package before moving on to your final destination. For A\$30, The Reef Transit Package offers use of the hotel's well-equipped gym and its glorious swimming pool - all without checking in. Also included is use of the transit lounge, which has power-showers, fluffy towels, strong coffee and a plentiful buffet. A maximum of 30 guests are admitted and Transit bookings must be made at least 24 hours in advance. The Reef Hotel

Casino 617 030 8888. Room rates start at A\$410.

### Oasis in a forest

Kewarra Beach Resort is only a 30-minute taxi ride from Cairns International Airport, yet once you are there, surrounded by regenerated forest and next to the ocean, it feels more distant.

Built on the site of a former sugar plantation, 20 years of careful replanting has turned this into an oasis full of birds and butterflies, which you can watch from the comfort of a shaded full-length lounge chair.

From October to late May, the warm waters of Kewarra beach are full of "stinger" jellyfish, to be avoided at all costs. There is even a polite notice in the middle of the drinks cupboard of each hotel room to remind the inebriated not to go for a late-night dip. The "Japanese Garden" style swimming pool, complete with waterfalls, ponds and a cave is far more attractive.

Kewarra's big selling point is its attractive architecture. Hotel buildings can often be antisepic and disappointing. At Kewarra, the reception, library, a large bar area and the dining room are housed in one huge, rush-ceilinged "long house", designed after the traditional buildings of the Torres Strait Islanders (but with concealed concrete pillars below ground to make the structure

strong enough to withstand seasonal cyclones).

In the rainy season, the experience of dining inside a wall of water as rain tumbles through the forest is incredibly charged. On dry days, bundlers wander around the shrubbery next to your table, but they don't get into the bedrooms because these are individual chalets up on stilts.

The strongest recommendation for Kewarra is if, like me, your skin is prey to every biting insect, it is strangely bug-free despite being open to the elements. No pesticides are used. Instead, the newly healthy forest feeds its own - something to do with the 150 species of birds and butterflies that have returned here.

Kewarra Beach Resort rates are from A\$135 to A\$346 including taxes.

### Honeymoon haven

Green Island Resort is called "Little Tokyo" by Cairns locals because of the number of Japanese who stay there. They make great hotel companions, mainly because most are on honeymoon, spend much of their time in their rooms and leave you with a paradise island right on the Great Barrier Reef to yourself.

When you do want company - over dinner - it is not a problem. Our Japanese companions are at lightning speed, leaving a then relaxed chef free to talk to us about his

plans to build the resort into one with a Michelin star for its healthy and light cuisine.

All the resort staff were friendly, one even getting up at 6.30am because we requested a 7am trip round the island on self-paddled surf skis from which we were able to see sting rays, swimming in crystal clear water.

Green Island, reached by

**Dinners are communal and the self-serve bar becomes more riotous as the nights pass**

high-speed catamaran, is open to the public by day, making it lively and fun (or not, if you want to stay within the bounds of the private hotel and have the pool to yourself).

The sea, which is free of stingers (they also say the sharks that reach here are not hungry), is too blue not to swim in, especially as shoals of fish join you. Diving, snorkelling, glass bottom boat trips and entry to the world's oldest underwater observatory are free to hotel guests. A few dollars will get you in

to the crocodile park, to view 18ft long beasts from as close as you would ever want to get to them - behind barriers, of course.

Hotel accommodation on Green Island is expensive, yet I wager it will surpass whatever quality you expect. It is perhaps the most comfortable, airy and well-designed hotel accommodation on earth. The power-showers at Green Island Resort make the much-praised versions at The Royalton, New York, seem like a trickle.

And you can shower without guilt. Water is shipped in, and waste is shipped out so as not to disturb the island's delicate aquifer: all the water you use is recycled for irrigation and fire-fighting on the mainland.

Green Island Resort's lease depends on being sensitive to the environment. None of the buildings protrudes above the natural forest canopy; the resort is set on concrete piles connected by "floating" timber boardwalks to minimise the impact on tree-root systems, and a lack of guttering means that rainfall's natural journey to replenish soil moisture levels is not diverted.

Green Island Resort's rates, including breakfast, lunch, dinner, transfers, service and tax, are A\$390-A\$680.

### In the wilderness

Bloomfield Wilderness Lodge is not easy to get to - it could not be and still live up to its

name. You have to fly on a six-seater aircraft, land on a grass strip, take a four-wheel drive over rough earth road, then take a boat.

Once there, the resort resembles game park lodges in Africa, with chalets in the tree tops and equipped with lounge chairs and ceiling fans. It's a friendly place: as you are booked up there for days with only a handful of other guests, it has to be. Dinners are communal and the self-serve bar becomes more riotous as the nights pass. But there is plenty of solitude if you seek that instead.

Bloomfield is a place for adventures: guided walks through the rainforest, rough road day trips to historic Cooktown, more Cook village really. Not to be missed is a day trip to Roaring Meg Falls, which are impressive because you will have them to yourself. If you dare, you can swim across the top, which isn't difficult once you have overcome your fear.

Bloomfield Wilderness Lodge. Minimum three-day package including all meals, flight transfers from Cairns, service and tax A\$1,254-A\$1,882.

Marion Hume flew from Sydney to Cairns as a guest of Qantas and stayed at a quest of Small Luxury Hotels.

Bookings made through The Small Luxury Hotels of the World Group, 0800 984 470 (toll-free).

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TRAVEL

# Beyond the Dreaming

Nicholas Woodworth discovers Arnhem Land and the spirit of the Aborigines

Sitting in the shelves of reference books that take up a corner of Max Davidson's bush kitchen is a thick volume entitled *Voices of the First Day*. Written by one Robert Lawlor, it is a New Age interpretation of an age-old spirituality.

*Voices of the First Day* enters into the deepest collective memory of humanity, allowing us to contact our origins and awaken to the "Dreaming." I read the blurb on the cover. Inside, the chapter headings looked frighteningly esoteric: "Crystals and Initiations of high degree", "Force fields", "The psychic energy of blood".

I felt hot and sticky. Flies were bothering me. Mosquitoes had already taken enough of my blood - did I really want to know, I debated with myself, about the psychic energy I was fast losing? But my new interest in Aboriginal life made me feel duty-bound. I began to read on.

"Absolute rubbish!" snorted Davidson, coming up behind me. "I don't know where the fellow dreamed it all up - probably in New York. Don't believe a word of it. Here, read about edible wild plants instead - bloody awful things, but you can live on them."

Thankfully, I closed the book. On questions Aboriginal I tended to trust Davidson. He was certainly

right about edible bush food - he had already had me try several varieties, including live green ants, and they were bloody awful.

And after just a short time in camp I knew he was right, too, about force fields and other Aquarian self-help silliness. Davidson by no means discounts Aboriginal spirituality - over the years he has taken part in many ceremonies. He simply allows the rugged surrounding environment to impress upon his guests the real essence of Aboriginal life in the bush: the fine-tuning of physical skills necessary to survival.

Davidson's own survival skills are considerable. For decades he has lived as a professional buffalo hunter in Arnhem Land, the wildest part of Australia's rugged Northern Territory. Today he is host at a 700 sq km tract there, untouched by anything but the long occupation of the continent's first inhabitants. Inaccessible except by special permit, Arnhem Land is an Aboriginal reserve and a vast open-air repository of indigenous culture. From the tents at Davidson's Mount Borradaile camp

astounding galleries of Aboriginal rock art lie only minutes away.

Everything else lies much further away. It took me an hour of flying along the coast of the tropical Timor Sea in a small aircraft to get from more-or-less civilised Darwin to the camp. Even from 1,000ft up, surveying the sluggish sea, the flooded paper-bark forests, the rivers that meander crazily across the endless alluvial plain, one realises this is one of the strangest landscapes on a strange continent.

Once below, the prospect became more exotic still when amiable Paul Cutler - fishing guide, inspired mechanic, pioneering Arnhem Land vegetable gardener and general camp factotum - suggested a trip on the billabong.

I had always thought of billabongs as calm and soothing places where swagmen take their leisure. Not on this billabong they don't. With the torrential tropical monsoon season known as "the Wet" just over, water was receding from the flooded plains, and birds, tens of thousands of them, were taking up their dry-season residence.

"Look, a mile data!" said Cutler from the back of the boat. What in heaven's name, I wondered, was a mile data? In a country where everything - plants, animals, landscapes, even the Australian accent - was new and strange, it could be anything. It turned out to be a male darter, a water-diving bird that, like

He had already had me try several varieties of bush food, including live green ants

a saint blessing the multitudes, dries its wings by spreading them open to the breeze.

But that was not all. There were vast flocks of ducks that whistled, egrets that fished in the sea, still-legged jakanas that walked on lily pads, jabiru storks with 8ft wingspans. Barramundi, northern Aus-

tralia's famous fighting fish, flopped and jumped about us. It was this wealth of animal life that made these flood plains so attractive to hunting Aborigines.

Not so welcoming were the gnarled brown logs that on our approach suddenly came alive and slid, 12ft and more of disturbed crocodile, into the water beneath us. Fresh-water crocodiles, they say, are less harmful than their ferocious salt-water cousins. Although both live here, I did not care to test the theory.

Other theories, however, were well-debated by camp guests around the screened-in dining table after sunset. When did the Aborigines arrive? Why did they see certain places such as Mount Borradaile as sacred? What are the meanings of the motifs - human, animal and mythological - they painted with such talent on rock walls?

To many of these questions Davidson can only shake his white beard. Some answers have been heard, perhaps forever, with the fragmentation of traditional Aboriginal society. Others are only emerging

now with new discoveries and research techniques. What he will show you, though, is how Aborigines not only survived in this wilderness but evolved a rich and complex culture as well.

One morning, Davidson and I climbed aboard his aircraft, a flat-bottomed, aeroplane-propeller-driven craft, and zoomed off through the reed-beds into a landscape of hallucinatory beauty. The eroded sandstone cliffs, the spiky pandanus palms, the watery plains that surround the rocky base of sacred Mount Borradaile hide a great variety of treasures.

Beneath overhanging rocks Davidson showed me Aboriginal occupation sites so undisturbed they looked as if they had been left yesterday. There were flint spear points, seed grinding stones, mussel-shell middens, bits of clay pipe obtained from early traders, entire skeletons wrapped in paper-bark.

In the surrounding bush he showed me some of the plants which, along with the game, made life possible - the quandong, or desert peach; the bush tomato; the

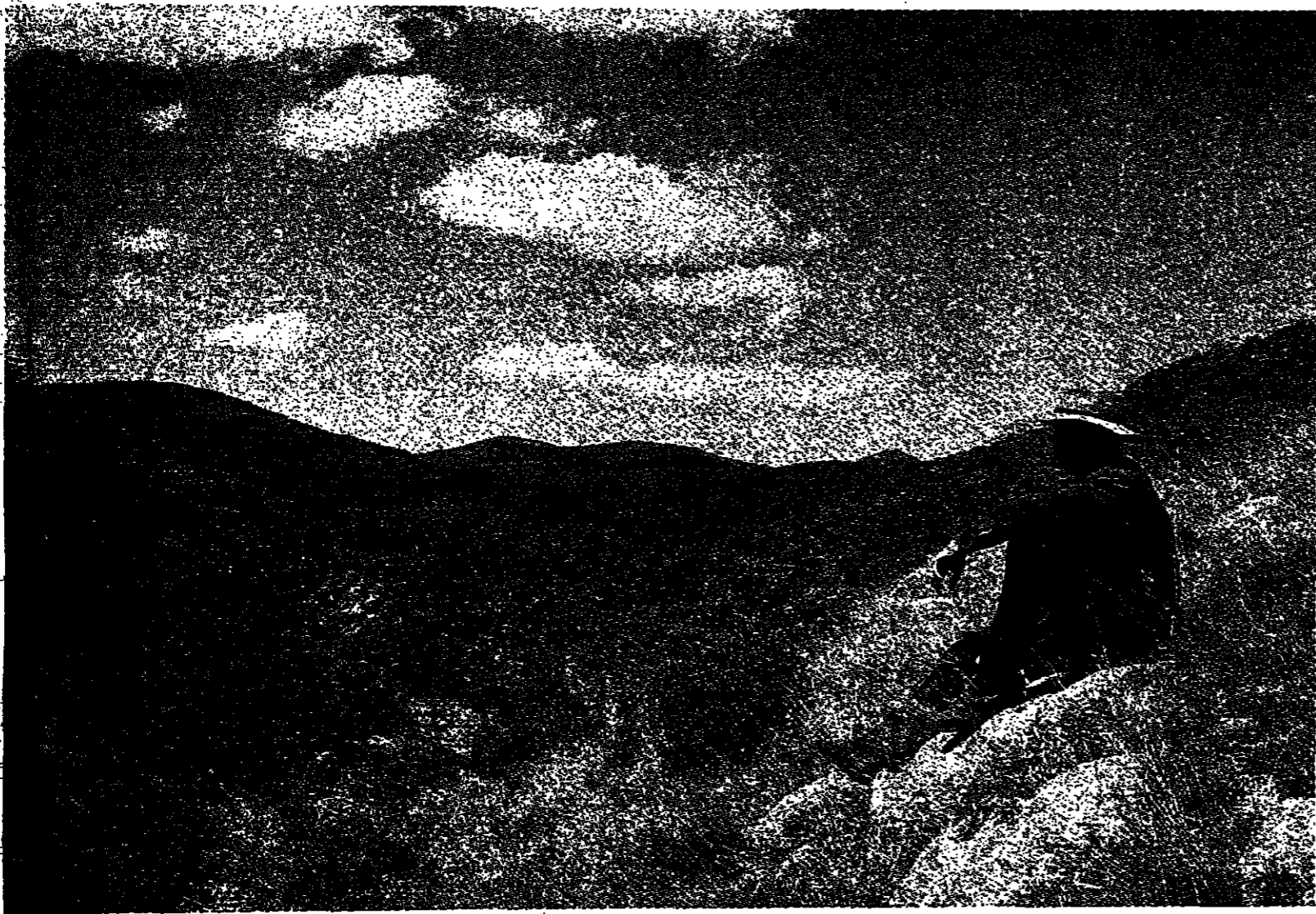
heart of the saw palm; the kernel of the pandanus - all edible. The wild fig, used to make rope and nets; the strychnine berry and screw palm, used as medicine; the freshwater mangrove, from which poison is extracted for fishing.

Recently, Davidson said, two prisoners escaped into the bush of the Northern Territory. All Australia marvelled that they managed to hold out for 12 days before, half-dead, they specialised themselves up. With their specialised knowledge, he observed, Aborigines survived and prospered here for at least 60,000 years.

Best of all were the rock paintings: the sharks, geese, snakes, turtles, crocodiles, emus, wallabies, spear-throwing men - the thousand and one creatures that in red ochre and white pipe-clay ran, flapped and swam their way across the rock walls of Mount Borradaile.

Alone, far from the crowds that usually swarm such sites, we gazed at vibrant figures closely observed and intimately known in daily life. There were no force fields about, no psychic vibrations, but these paintings had an extraordinary life of their own. Here, indeed, were eloquent voices of the first day.

Information on Davidson's Arnhem Land Safaris may be obtained from PO Box 41903, Casuarina 0811, tel: 61 89 273240, fax: 61 89 450919.



Starfooted and rugged: a stockman in the Snowy Mountains of New South Wales

Nick Haslam

## Adventures under the Southern Cross

Nick Haslam takes a leisurely 1,000km drive from Sydney to Melbourne

There is always a perverse pleasure in heading off to town as others drive in to start work, and it was difficult to restrain a smile as I left Sydney at 8.30 on a Monday morning bound for Melbourne. I had five days to cover the 1,000km, and as I joined the Princes Highway winding down the coast by the Pacific I planned to take a leisurely time of it.

At Jervis Bay, a huge expanse of water encrusted by white beaches. I pulled off the highway and bought a ticket for the bay cruise in a small fishing shop plastered with pin-ups of fishermen dwarfed by their catches of huge marlin. Strategically positioned along the rails of the cruise boat were groups of Japanese tourists, cameras poised to catch the first glimpse of the Bottlenosed Dolphins for which Jervis Bay is renowned. On the bridge, Adrian Cookson, the skipper, in shorts and knee-length white socks, looked for the first fin.

"There's a resident pod of dolphins here," he said, "and they often come looking for us." Below, there was a sudden hiss of excitement followed by a whine of many motordrives. Six dolphins were riding on the bow wave, jumping and turning in front of the ship. "In the breeding season, the males sport erections, like little penis scopes," said Cookson laconically. "The tourists and their cameras don't put them off at all."

I drove on that afternoon down south. The coast here was pocketed with small coves and mist hung over the wooded groves bordering the road. This area is a favourite watering hole for weekenders from Sydney and Canberra,

and the crisp surf peeling in from the Pacific was dotted with surfers. At dusk, I pulled over, checking in at the Edgewood House bed and breakfast in Bateman's Bay, which had a terrace overlooking the beach.

After a day in the car, I was eager to swim, and dumping my bags, I rushed along the beach and plunged into the Pacific. The sea was surprisingly cool, and the waves huge. Bateman's Bay has a reputation for having some of the best seafood in Australia, and I ate oysters and lobster that night, sitting on the veranda of a restaurant on the Clyde, a river named by Captain James Cook on his voyage up this coast more than 200 years before.

In the dark, the still water echoed to the splash of leaping fish and I asked the man at a neighbouring table what they were. His face lit up, and he launched into a litany of names, most of which I had never heard. "Flathead, bream, jewfish, luderick," he said, pausing for breath. "And that's only river fish... there's huge marlin and tuna out to sea."

He lived in Canberra, but came down every weekend to fish in Bateman's Bay. "The missus complains," he said, "but I took her fishing on our honeymoon so she should've known what she was getting into."

Next morning, I turned off the Princes Highway, climbing away from the Pacific up the side of the Great Dividing Range. The road wound through rainforest and then came out on to high open pasture. The air was cooler here, and I drove past scattered farms sheltered by windbreaks of pine trees.

My host, John Rudd, was an experienced horseman, having run cattle and sheep in these hills for 40 years and there were eight other riders at table, mostly from Sydney, who had come for the five-day trek which would start next

morning. The conversation ran from the dangers of breaking a leg in wombat holes, to the relative merits of jodhpurs and pantyhose (tights). "Pantyhose?" I asked, a trifle alarmed. "The best way to stop chafe," said John. "We'll lend you some if you like."

In the chill of dawn, I eased into a pair for the first time in my life and we set out to ride my first day's camp in the Kosciuszko National Park. The landscape was rugged, with steep climbs up rocky hillsides, but our horses, bred to work cattle on the uplands, were sure-footed.

Several times in the day we came upon groups of kangaroo. They would easily outpace us, bounding effortlessly up nearby vertical hillsides. After covering

25km we came to the camp and dismounted stiffly, quickly getting a fire going to boil up a billy of tea. As we sat that night around the fire, with the Southern Cross rising slowly through the cold and frosty sky, we heard the clatter of hooves on stone from far across the valley. Our horses stirred uneasily.

"Brumbies," said Rudd. The brumby was the wild horse of the Snowy Mountains, and prized, if he could be captured, for his spirit and stamina. "In the old days, a stockman worth his salt would try to ride down the brumby," he said. "But it isn't for the faint-hearted."

Unchafed, yet feeling distinctly effete in pantyhose, I shuddered at the thought of galloping headlong over the terrain we had crossed that day. In the morning, a thick hoar frost covered the ground, and the woods echoed to the cacklings of crested cockatoos. We struck camp and rode on for another 15km to the Tattarang reservoir, a part of the Snowy Mountains Hydroelectric Scheme which had brought surfaced roads into this area as recently as the 1950s.

Here, I reluctantly bade farewell to my fellow horsemen who had three days more riding ahead of them, and climbed back into the car. There were 400km to Melbourne and the road winding down off the Great Dividing Range back along Victoria's Pacific coast slowly filled with family campers laden with surfboards and other holiday impediments, heading home at the end of the long summer.

When the traffic thickened and the suburbs and skyscrapers of Melbourne came in sight, I found myself thinking, no doubt like many of the sunburnt children I had seen in

the cars around me, that this journey would end too soon.

Nick Haslam flew to Australia with Qantas and British Airways. Excursion return fares from London Heathrow to Sydney start at £283 plus tax. His itinerary was organised by Tourism New South Wales and Tourism Victoria. For further information contact the Aussie Helpline Tel: 0890 022 000

## Gentle legacy of volcanic times

About 500ft below us, a farm, its corrugated roof gleaming in the early morning light, lay silent and still. It was 6.30am and the sun had just cleared the peaks of the Great Dividing Range, casting long shadows across the tableland to the savannah beyond.

A sudden roar from the burner, as a tongue of flame belched up into the canopy above our heads, brought two dogs barking out into the paddock below.

"Down there you can see mango, tobacco, sugar," said Alan, our pilot, sandwiched between gas bottles in the middle of the gondola. "And if you look hard enough, some marijuana plants, too."

This brought laughter from my three co-passengers, a farmer's wife and her two daughters. They had spent the last half hour giving an expert commentary on the state of their neighbours' crops as the balloon drifted slowly over the Atherton Tableland, a fertile plateau 20km west of Cairns in northern Queensland.

Later that day, I headed inland, driving on a dirt road through the savannah I had seen from the balloon hours before.

My guide, Bram Collins, in green slouch hat and shorts, was the fourth generation of his family to work a cattle station here. They still ran a few head of cattle, but had recently opened to tourists a unique geological structure discovered by Collins' great grandfather last century.

Mystified by large caverns on his land, Collins had called in a geologist who surveyed the land and discovered that it lay on the site of a huge volcanic eruption which had taken place 180,000 years ago.

"Enough lava flowed out of the ground to have filled Sydney harbour 3/4 times over during the summer school holidays," Collins explained. I looked bemused. "Well, 23 cubic kilometres in eight weeks; a helluva lot of rock."

The tidal wave of molten lava had drowned entire river valleys, the inner core flowing long after the surface had cooled and creating more than

50km of huge tunnels. At dusk we arrived at the Undara Lava Lodge. Collins' father had solved the problem of providing outback accommodation in an ingenious way. Vintage railway carriages that once rattled up and down the Queensland coast were laid out among the eucalyptus trees and that night we dined under the stars, eating kangaroo steaks with a chilled Chardonnay on the observation platform of a first class sleeping car.

Early next morning, I followed Collins down the side of an immense fissure, caused by

A roof collapse in a lava tube close by the lodge. We tumbled finally to the floor of a huge vaulted cavern, more than 25 metres high and 35 metres wide. On the curved walls, the smooth contours of the lava flow could be clearly seen, and, high above, the roof was pocked with the impressions of gas bubbles given off by the molten lava.

As we stood there, bats flew out from the cool dark into the fierce sun beyond and there was a sudden flurry of movement near the entrance. "The Unadorned Rock Wallaby," said Collins. "The what?" I said, surprised. "God's truth mate," he said. "It's a handful of a name, but that's what they're called."

The drab animal, which looked like a minute kangaroo, peered at us from behind rocks and then skipped out of sight. That afternoon, I headed back down to the coast, to join the Bruce Highway.

At Cardwell, a small fishing village of distinctive clap-board houses on stilts with long shaded verandas, I boarded a launch and headed to Hinchinbrook Island, a mountainous national park 4km off the coast. Barely 150 ago, Hinchinbrook was home to several Aboriginal tribes who were hunted down by the first white settlers.

The few survivors were shipped to a Christian mission on the mainland, but within months, measles and a cyclone had finished them off. The island, though, proved unsuitable for farming, and the settlers abandoned it for more fertile land further north. Now the only permanent inhabitants are Brian Edmonds and his staff, who run a small hotel comprised of cabins hidden in the trees of the rainforest overlooking the Pacific.

A New Zealander, Edmonds enthused about life in the tropics, and urged me to explore the island. For a day, I followed trails which wound through rainforest and along deserted white beaches fringed with surf. My sole encounter was with a three-metre long python, drowning in the middle of the path. We eyed each other with mutual distrust before making our own separate ways.

The next day, I boarded the Queenslanders at Townsville, south of Cairns, and made my way to the dining car as the train pulled out on the 24-hour run south to Brisbane. Seated next to me was a Polish couple, who had emigrated to Australia 20 years before, but who still spoke English with heavy accents.

"Sometimes," the wife replied. But then, looking out of the window to where a group of kangaroos browsed in the sunset, she said: "I think you really have to come from outside to appreciate this place. Many Aussies have it so good, they can't even smell the roses."

Nick Haslam  
Nick Haslam's itinerary was organised by the Queensland Tourist and Travel Corporation.



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BOOKS



Harold Macmillan, Jacqueline du Pré, Laurence Olivier and Henry Moore chosen to adorn the cover of the latest Dictionary of National Biography, encapsulating several myths of our century

# Magic mix of eclecticism and establishment values

Begun in the high-noon of imperialism, this last volume of the DNB looks forward to the radicalism of the 21st century, writes Jackie Wullschlager

What have Wallis Simpson, Jacqueline du Pré, Harold Macmillan, Laurence Olivier and Henry Moore in common? They all died between 1986 and 1990 and, looms one way and another, they are the five figures chosen to adorn the jacket for the final volume of the *Dictionary of National Biography*, published last week. Those who died after 1990 will be included in a completely new and rewritten dictionary, due in 2004.

The glamour cover for this concluding volume encapsulates several myths of our century – the commoner who brought down the king, the brilliant artist doomed to die young, the leader of the never-had-it-so-good years. The conjunction of the five figures tells us much about attitudes to public life; their biographies here are fascinating because they mark a transition from the old Victorian dictionary to the radicalism

expected from the 21st century's new one.

The dictionary's stuffy title belies its bizarreness. Colin Matthew, editor of the New DNB, says the work "epitomises the best characteristics of the British mind by being open, fair, liberal, accurate and quirky". Begun in 1882 by Leslie Stephen, Virginia Woolf's tyrannical father, to "supply full, accurate and concise biographies of all noteworthy inhabitants of the British Islands... from the earliest historical period to the present time", it is a classic of the 19th-century imagination: massive, inspired, earnest, over-ambitious – the scholarly match of the era's fat triple-decker novels or its overblown romantic operas.

Stephen collapsed, mentally and physically, as a result of it. But he left a monument to Victorian liberal nationalism – a work celebrating both the nation state and the role of the individual within it – which has thrived in our century, a new vol-

ume appearing each decade. Now it needs an overhaul to reflect social, political, technological patterns of the next millennium.

Certain trends which will mark the New DNB already leap out here. Predictably, there is political correctness. Just four per cent of Stephen's entries were female; the 40 per cent of women on the jacket here heralds a commitment to equality. "To capture the essence of national life at different periods, the inclusion of women who contributed to public life is essential", says Jane Garnett, consultant editor. The Victorians ignored women's key influence as political hostesses, for instance, or in family businesses; figures such as Elizabeth Baring, 18th-century "mother" of Barings Bank, would get substantial entries in the New DNB.

A second trend is our obsession with performers, artists, quasi-royals – 80 per cent of the jacket pictures are calmly assessed (Olivier "had

roll call of bishops, soldiers, statesmen – remote and heroic – the way into today's DNB is as entertainer (36 entries), sportsman (16), broadcaster or journalist (30). These modern, people-friendly professions rival entries for politicians (18), the military (16), religious leaders (11). No one, however, will be thrown out of the New DNB, for the Victo-

several affairs, with both women and men") in terms which would have had Stephen's readers in uproar. And while the Victorians made moral pronouncements about a subject's work (Stephen wrote bitchily "if literary fame could safely be measured by popularity with the half-educated, Dickens must claim the highest position among English novelists") the entries here show our tabloid tendency to judge the quality of others' happiness.

Of Wallis Simpson, "some of her friends were raffish, a few even vicious, but it was the sterility of her life that was most remarkable". Macmillan had "an empty shell of a marriage" and "a rather lonely life in the chilly emptiness of Birch Grove". This is fun and compelling. The dictionary has always had its anarchic side – "Begun in the high-noon of imperialism, it welcomed deviants, rebels and dissenters", says Matthews; it has become more daring to keep up-to-date.

**DICTIONARY OF NATIONAL BIOGRAPHY**  
Oxford University Press £50, 607 pages.

rian choices are themselves significant pointers to the former make-up of society.

The third trend is greater intimacy with the subject. Previous volumes had formal portrait-style jackets. This one has a photo-montage of individuals in action – Moore with a sculpture, du Pré playing the cello – who blend cozily into one another. In the text, private lives are calmly assessed (Olivier "had

its greatest joy is its insight into the sheer oddity of British life. Hugh Macdonald Sinclair (1810-90), nutritionist, for instance, "a difficult man to work under, with, or over", was "allergic to publication", which cost him his job, tried an Eskimo diet of water, seal and fish for three months in his 70s, collected erotica – sold for £70,000 in 1992 – and never married because both his fiancées died during their engagement to him. Lord Pearce (1901-80), eminent judge and chairman of the Press Council in the 1970s, "made a lovely garden" with his wife in Sussex, "suffered with trouble to both his hips" and "was never a rich man – until the very end", when a sculpture he had bought for £15 sold for \$6.2m.

The New DNB, to include entries for families and groups (the Desert Rats, the Bow Group), will stress social context. It will be written by academic experts rather than opinionated Victorian literati; it will be a virtual treat – 10,000 likenesses taken from the National Portrait Gallery – and, available on electronic media to allow cross-referencing, a researcher's dream.

In fixing British life wittily and tangentially, through individuals, the DNB resembles a good best man's speech – striking a chord with those in the know, utterly impenetrable to foreigners. A major reason is class – of the cover

It is an exciting and challenging project; but let us hope that the 21st century high-tech version will retain the magic mix of eclecticism and establishment values which makes this last volume of the old dictionary so illuminating.

## Begone with the Windsors

Now that our monarchy has been turned into a soap opera – it is a shame that both *Dynasty* and *Coronation Street* have already been used as titles – it is inevitable that its characters should be fair game for every kind of biographical exercise. The royals have joined that select band of the Larger Bores of the book world, about whom never enough can be written. (Others in this litany of tedium include the entire Bloomsbury Gang; first novels are to be replaced by first studies of Lytton or Virginia or Carrington as a literary baptism.)

The Duke and Duchess of Windsor claim an especial place in the soapy chronicles, with Wallis Simpson obviously destined to be played by Joan Collins. They have been put on show for public delectation and prurient surmise in book after book, praised, excused, blamed and, since the Duchess's demise, have been paraded through the world like Ines de Castro, dead but refusing to lie down.

Michael Bloch, assistant to the Duchess's formidable lawyer Maître Suzanne Rizm, has made a cottage industry from the Windsors' lives, having already produced five books

about them. Now comes another, which "does not aim to be a comprehensive biography of the Duchess", but seeks to "capture something of her personality, explain the main episodes of her much-misunderstood life, and touch on certain aspects which may lead to better knowledge of her."

This better knowledge brings assertions about her genitalia, her sex-life, her masculine appearance as an adult, possible gender confusion as a baby, her charm for lesbians and, as a *bonne-bouche*, the view that she had "much in common with Queen Elizabeth I, her first cousin by marriage 12 times removed" since both, we are advised, were incapable of normal sexual intercourse. Short of charges of arson, well-poisoning and lycanthropy, this seems an all-embracing catalogue.

Of course the Windsors were a bizarre and tragic couple.

Bloch's narrative covers the chief matters of the Duchess's life, and the book is heavily illustrated with photographs which capture her glossy, stylish presence, with the curiously recessive and weaker figure of the Duke beside her like

**THE DUCHESS OF WINDSOR**  
by Michael Bloch  
Waldenfeld & Nicholson  
£18.99, 239 pages

an adoring donor in some Renaissance painting.

That the Duke adored her the far side of idolatry is historical fact. That he could not live without her is no less certain when Wallis Simpson sought in 1936 to get out of the then King's life, "he threatened to follow her or to commit suicide". That with his abdication we lost a king who seemed ill-suited to rule, and gained a monarch who demon-

strated every virtue of service and dignity, seems no less clear.

Bloch's thesis, sustained throughout his narrative, is that Wallis Simpson provided vital elements that Edward, as Prince of Wales and then as King and exile, lacked: a discipline which satisfied his emotional needs and, presumably, his sexuality, and a superbly controlled environment. (Decorations became a substitute for life.)

The most astute comment made about the Duchess – which Bloch does not quote – is surely Geoffrey Madan's description of her as "half governess, half earwig". The image is exact of the darkly gleaming, polished figure, the implied psychology no less so: she was to be gone with them, done with them: after the emptiness of their lives, they deserve the peace of the grave.

Years ago, when the Duke and Duchess were still cutting their swathe through café-society (that most damning of names for a world) a splendidly put-down-ish and gossipy book about them appeared in America entitled *Gone with the Windsors*. If only we could now be gone with them, done with them: after the emptiness of their lives, they deserve the peace of the grave.

**Clement Crisp**

## Fiction/Martin Mulligan Too clever by half

Joyce's *Ulysses* features an academic of such astounding intellect that when he cuts the grass even his lawnmower goes "clever, clever, clever". Jose Saramago's *The History of the Siege of Lisbon* brings him spontaneously to mind. Joyce's professor would be entirely at home in this experimental text.

Saramago is working within a fine tradition of semantics and philosophy hallowed by Umberto Eco, Italo Calvino and even Borges. Indubitably a mega Eurotalent, he perhaps has an important Contribution to Make. But the image of that academic cutting the grass is hard to shake off.

Big ideas abound in this story of Raimundo Silva, a middle-aged, proof-reader smarter than the author whom he serves. First and foremost is the idea of history as "a fable agreed upon". Silva alters a sentence in a moment of uncharacteristic self-assertion.

to watch him cut the grass. But how is a reviewer to convey the excellence of *Excession*? If I tell you that it is the thinking man's *Star Wars*, you will look at me blankly. If I add that in it Banks has created the Affront, a hearty but horrible, compulsively likeable race of beings who resemble tentacle-jellyfish the size of a Mini Metro, you will shuffle your feet uneasily and take me for a socially-challenged Games Workshop anorak.

Some people think it odd and even faintly improper that grown men and women should write or read novels about sentient spaceships who form a fleet to explore a singularity (the *Excession*) in their universe when there is perfectly good money to be made trading stock options or downsizing organisations. Those people will not enjoy our profit from Banks' wonderful novel. Everyone else in the known universe will.

**THE HISTORY OF THE SIEGE OF LISBON**  
by Jose Saramago  
Harrill £15.99, 312 pages

**EXCESSION**  
by Iain M. Banks  
Little, Brown £15.99, 456 pages

What the otherwise dull history book now says is that the Crusaders did not help the Portuguese to recapture Lisbon from the Saracens in the 12th century. And so the book goes to print.

The novel elaborates the sweeping consequences of this single action for Raimundo and the world. His superior Maria Sara falls in love with him as a result of his masterful act. The novel contains no speech marks, since Saramago wants the reader to supply all the conversational emphasis. The chapters lack numbers, each being preceded instead by the universal proof-reading symbol for "take out" (or delete), presumably because the story should never have happened. Get it? Clever, clever, clever.

Talking of clever, Iain M. Banks' novels are so good that his publishers should produce them in hand-tooled embossed calfskin. Science fiction of this quality is almost as rare as beryllium. If Banks has a lawnmower it must be an education

## A city's influence on the Russian soul

displaced, disgruntled aristocracy forcibly uprooted from Moscow. This shining metropolis – the "Venice of the North", the "Window into Europe" – has always been an entirely synthetic creation, a strikingly beautiful stage set, the artwork of a cultivated tyrant.

This unique status, as Solomon Volkov cogently argues over the course of his leisurely, informative cultural history of

the city, has contributed both to the charged, fertile output of its writers, composers and artists and to the enigmatic cultural identity of the Russian nation itself.

The St. Petersburg "mythos", as Volkov terms the city's mythological allure, began life with an almost completely negative taint as the disoriented population reacted violently to incarceration in Peter's neoclassical prison.

"Peter called his new capital a Paradise," lamented the Tsar's court historian. "But it turned into a big cemetery for the people."

Much of the city's (and Russia's) greatest literature has been propelled by the same awe and revulsion which has been inspired by this artificial, grandiose environment: "This is a city for the half-mad," ranted Dostoyevsky, who thought the architecture a pale imitation of western classicism. "There are few more

grim, harsh and strange influences on a man's soul than in Petersburg." It was only with the upsurge of patriotic feeling that accompanied the music of Tchaikovsky that Peter's urban vision began to redeem itself.

**ST PETERSBURG – A CULTURAL HISTORY**  
by Solomon Volkov  
Snaelcar Stevenson £20, 598 pages

Tchaikovsky's opera *The Queen of Spades* and his ballets *The Nutcracker* and *Swan Lake* are all infused with the luminousness of the city, its unique combination of water, stone, air and light. Unfortunately, just when St. Petersburg's inhabitants were beginning to feel at home in their city, it was overrun by the Bolsheviks, renamed after a mass murderer and almost wiped from the face of the earth by Adolf Hitler. All of which, as

Volkov points out, just strengthened its inexpressible underground symbolic status.

*St. Petersburg – A Cultural History* traces the development of this "mythos" over a 300-year artificial life-span while also managing to survive a stolid, unconcerned translation and tacky chapter headings that read like a "Five go to St. Petersburg" *Enid Blyton* spoof.

Volkov stirs into the dry history some wonderful spicy background details (the dalliance of Pushkin's nymphomaniac wife, the truth behind Tchaikovsky's suspicious suicide) and serves up an intriguing compelling work leavened with three centuries of literary gossip.

Some of the most intriguing passages are drawn from Volkov's own acquaintance with the legendary St. Petersburg poetess Anna Akhmatova as well from as his friendships with George Balanchine, Shostakovich and Joseph Brodsky. The vivid, finely crafted picture Volkov draws of these towering figures is matched by the passion he feels for the brutal, dazzling, cruel and unloved city that nurtured them all.

**John O'Mahony**

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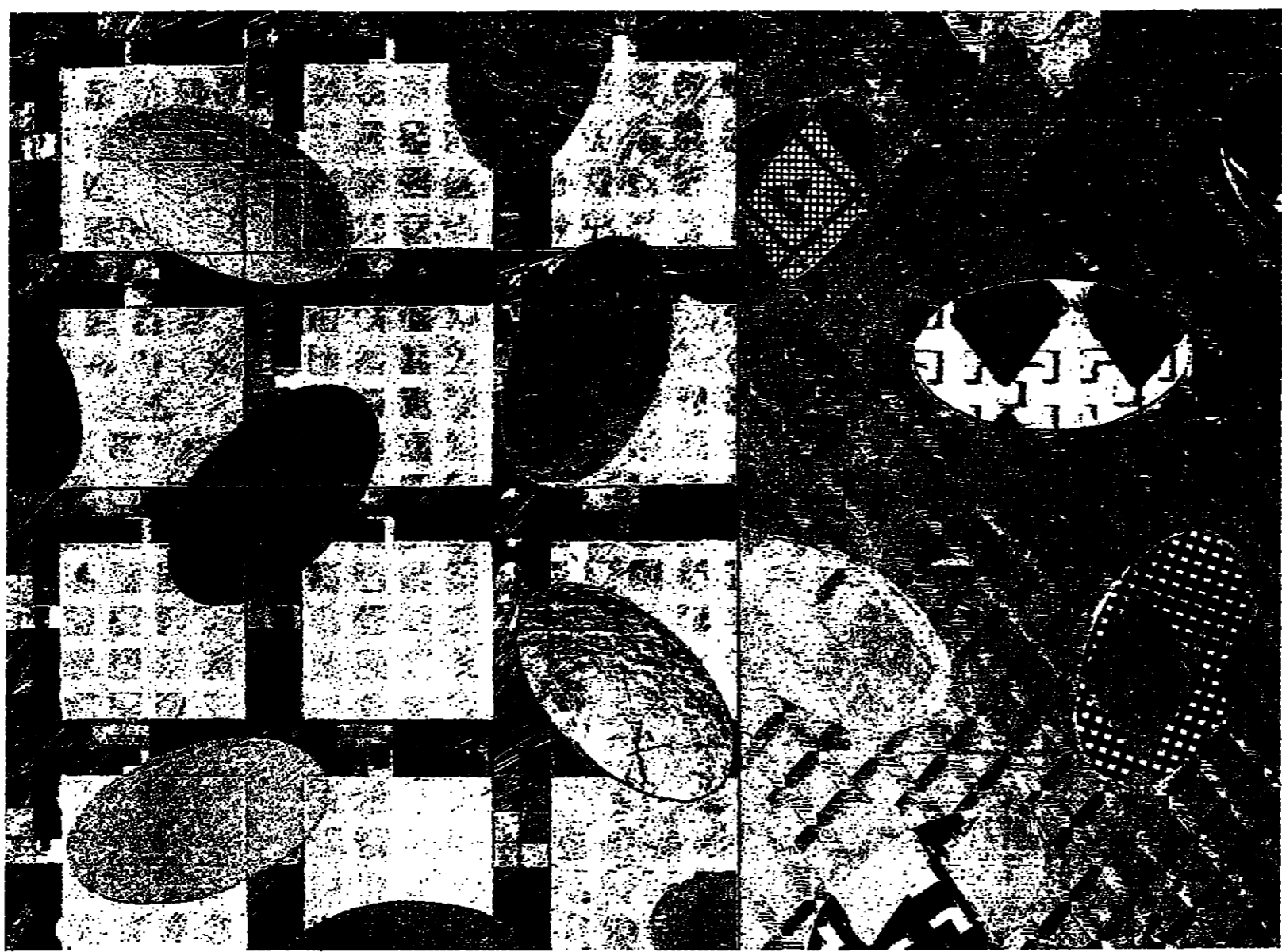
Angela Flowers ran her first programme of *Artist of the Day* in 1984 and, with minor tinkering and an occasional lapse, has run it every summer since. The principle is simplicity itself: ten more established artists - last year it was critics - each nominate another whose work they admire to occupy the gallery for a day. When the gallery closes at 6 o'clock, one lot of work goes out and the next comes in, day by day through the two weeks, with a survey of that week's batch at each weekend.

As you read this, the first week has just ended and the first resume is on show, with the sequence to begin again on Monday. But to get the full flavour of the event repeated visits are essential - indeed the whole point. For each day is, for the artist concerned, an intense and concentrated moment, with all the commitment of a London solo show focused upon one day. The mood and atmosphere is of a private view, but one to which anyone interested in art is welcome.

As I write (Wednesday), I have seen one of the first two shows, conscious of having missed the remarkable animated environmental sculpture of Dee Meaden, a young artist just out of Chelsea and the Slade (chosen by Phillida Barlow), but glad to have seen Michael Greenberg's large and brooding *grisaille* paintings, with their ambiguous reference to the films of the 1940s and '50s (chosen by Gary Wragg). Today, strike permitting, I hope to see Terry Edmond's highly structured abstract paintings (Stephen Buckley), and by the end of the week Rupert Clausen (Joanna Price) and Eponce Quesada (Mona Hatoum). And of course there is next week to come.

Careers have been started by taking this opportunity, and careers have been revived. But it is not entirely about success, not about the young, though they often star, nor about rediscovery, though welcome surprises come all the time. It is really about the quality of art in all its manifestations, and the community and fellow-feeling that exists among artists - mutual recognition, mutual respect, and a generous and helping hand. *Artist of the Day* is now a fixture of the summer calendar. I hope for ever.

Across the road at London Fields, Glensys Barton is showing her ceramic sculpture in Flowers East's second gallery, while upstairs a group show, *Transcription*, fills the Paton Gallery. Both were on the floor when I saw them.



The shows are about the quality of art in all its manifestations: detail from 'Disco', 1996, by Terry Edmond

# Mutual recognition of talent

William Packer applauds the Angela Flowers 'Artist of the Day' programme

Glensys Barton's extraordinary objects are the more impressive the less obtrusive their ceramic nature. That is not to say the ceramic is not important, for fired, glazed and shot-blasted as they are, the qualities of material and surface are integral to the work and remain essentially

ceramic. It is rather the case of perhaps the figurative element transcended: it no longer celebrates itself, but only the work it serves. That work retains its figurative interest both in general and with the portraits, in particular. But even with these last, more general sculptural concerns are evident in the broader formal handling. And for the rest, with their split and interweaving forms and disappearing or hidden profiles, they grow ever more

ambiguous and elusive. Soon perhaps the figurative element will be but a shadow and a thought, but not quite yet. This is work clearly still in transition, but already it has moved on fast and far. *Transcription* again is founded upon a simple but engaging idea. All artists, if they are artists, respond intelligently to other art of all kinds, and so Graham Paton asked a few of them to make a work that relates directly to another. "Transcription" is perhaps to

put it too exactly, for not all go quite so far as Judy Inglis in her close drawings after Pousin's "Triumph of Pan". Emma Talbot's ambitious reworking of Sargent's "Carnation, Lily, Lily, Rose" and Kate Palmer's large painting after a steel wall piece by Richard Serra are impressive. Alexander Guy has painted a seascape lifted from an "How to Paint Seascapes" book. And Julie Major has made a breast-work construction, in bright red flock and metal, abstracted

from the School of Fontainebleau painting of "Gabrielle d'Estrees and her Sister" touching nipples in the Louvre. It is an interesting and diverting show. *Artist of the Day: Flowers East*, 199 Richmond Road E8, until July 14. Glensys Barton - sculpture: Flowers East at London Fields, 282 Richmond Road E8, until August 4. *Transcription: Paton Gallery*, London Fields, 282 Richmond Road E8, until August 4.

# Saleroom/Antony Thorncroft Top end of the market steams ahead

The Marquess of Bute and the British Rail Pension Fund - not the most obvious of bedfellows but the cause of much happiness at Christie's and Sotheby's this week. Both were selling off part of their art collections; both contained that rarity, works of real historic quality; both sold exceptionally well. Between them they have brought back the glory days to the top end of the antiques trade.

The Marquess of Bute is having a judicious cull of pictures, furniture and works of art from four of his houses in order to spend more on restoring the main family home, Mount Stuart on the island of Bute. That at least is his preference for spending most of his time in his Ladbroke Grove home.

He will now be able to do very much as he pleases since the sale of the best pieces at Christie's on Wednesday evening raised £10.7m. Christie's had very cautiously estimated the whole collection at £8m. There is a second auction on Monday.

"The sale was a triumph", said Christie's chairman Lord Hindlip, with no over-statement. A huge 18th-century Milanese library desk, made by Maggiolini, sold for £1.65m as against his £600,000 top estimate, and Blairman acquired the Chiswick tables, two giltwood tables supplied to the Earl of Burlington for his villa at Chiswick by William Kent in 1730, for £225,500, within forecast. Blairman was bidding on behalf of English Heritage which will now return them to Chiswick.

There was also frenzied bidding for a set of watercolours by Paul Sandby of Luton, the estate acquired by Prime Minister Bute on his retirement in 1763. All told the 12 sold for £1.6m, with one alone making £375,000, five times the previous highest price paid for a Sandby watercolour at auction.

There has always been a great international demand for the finest pieces acquired by the British aristocracy of the 18th and 19th centuries. The struggle now will be to keep them in the country: many of the items are destined for Europe and the US. This is particularly true of the art and antiques sold by the British Rail Pension Fund this week, which exceeded all expectations.

The fund is about the only institution to have made money by investing in art on a commercial basis. In 1974 it decided to allocate £40m of the railmen's money into art and

in a few years had accumulated around 2,400 objects. It bought at the right time, the late 1970s, and it sold most at an even better time - the late 1980s. It paused during the subsequent art market recession and is now disposing of the 200 or so items it has left.

On Wednesday another 20 of its Old Masters came under the hammer at Sotheby's and 16 sold, for £3.6m. The star was a Goya bull-fighting scene "The Death of a Picador" which made £2.5m as against a £1.5m high estimate. The retired railwayman will have been reassured by the overall performance, which to date has produced a return of 5.5 per cent per annum above the movement in the retail price index.

As well as the British Rail pictures, Sotheby's was also offering eight Dutch Old Masters bought by Enrico Fattorini, a Bradford merchant. In the 1940s, they all sold, and if the £2.2m paid for a Pieter de Hooch courtyard scene was disappointing, a serene shipping scene by Willem van de Velde did splendidly, selling for a record £1.37m as against a £500,000 top estimate.

All told the Sotheby's Old Master auction brought in £14.6m, near its highest hopes. This is proving a strong market for the finest works, with many new buyers. As Simon Taylor, head of pictures at Sotheby's says: "When you pay £1m for an Old Master you are certain to get a fabulous picture. This is not always the case with a £1m impressionist".

But the events on Wednesday were totally eclipsed by Sotheby's auction of the British Rail sculpture and works of art on Thursday morning, which brought in £13.7m for 92 lots. The bidding was the most intense seen in London for seven years, culminating in the £4.4m paid by the dealer Sam Fogg for the Romanesque gilt bronze base for a 12th-century candlestick. In 1978, at the famous Von Hirsch sale at Sotheby's, the fund paid £605,000 for it.

Even more sensational was the £4.18m which secured for Fogg a Limoges gilt copper and cloisonné reliquary of around 1185, commemorating the martyrdom of St Thomas a Becket. It doubled its top estimate, selling for £4.18m, as against the £262,000 paid by the fund in 1978. Both objects prove that excellence and rarity are a good investment.

If the Heritage Lottery Fund has any guts it will face down its tabloid critics and use its full coffers to keep at least some of these great art treasures in the UK.

# Record review/David Murray Various forms of decadence

As Decca continues its admirable series of *Entartete Musik*, music denounced or actually banned by the Nazis as "degenerate", a neglected but rewarding slice of musical history is coming to light. We know quite enough about British music of that period, and French music from Magard to Poulenc is now pretty thoroughly documented; but heretofore there has been a yawning gap where all the disfavoured German composers' work should have been.

Yet their music continued the longest-standing European tradition, where French and British music were only latecomers. Musically speaking, it was a mere accident of history that so many 20th-century German composers of the highest promise were stifled - or prudently exiled themselves, like Hanns Eisler, until the war was over and the new East Germany offered a safe refuge.

Eisler is generally known as the "other" Bertolt Brecht composer, the one who wrote fewer memorable tunes than Kurt Weill (who had fled in the late '30s to America, like Brecht

later). In Eisler's *Deutsche Sinfonie* op. 50, an "anti-Hitler" cantata begun in 1935, he set several vehemently political Brecht poems, along with texts from the anti-Fascist and anti-Stalinist Ignazio Silone. It is a mark of Eisler's moral seriousness and passion that the work seems so sternly consistent, for not only did it take him some 22 years to complete, but its 11 movements are partly "12-note" music (he had been a Schoenberg pupil) and partly in a gritty tonal idiom akin to Weill's. In Lothar Zagrosek's fine performance with the Leipzig Gewandhaus Orchestra and distinguished soloists (Decca 448 389-2), it makes a memorable impression.

But "degeneracy", as perceived by the Nazis, took various forms. We are just beginning to discover the music of Erwin Schulhoff, a Prague-born

Jew who died in an internment camp in 1942. He was an elegant, witty craftsman as well as a brilliant pianist, whose fascination with jazz is reflected in many works. The Decca collection entitled *Concertos alla Jazz* (444 819-2) includes three bracingly original concertos for odd ensembles, and also a selection of dashing piano-pieces - tangos, a blues, a Charleston, a "Tempo di Fox" - recorded by himself in 1928, all great fun.

The astonishing Schulhoff rediscovery, however, is his 1929 opera *Flammen* ("Flames"), patiently reconstructed and sizzingly conducted by John Mauceri on Decca 444 630-2 (two CDs). It was performed in Brno in 1932, no doubt to startled audiences, and never again: in the popular sense hardly anything more "decadent" could be imagined. It is a wild fantasy on the Don Juan

legend (libretto by the Czech writer Karol Josef Benes), with passing quotes from Mozart's *Don Giovanni*. Schulhoff must have conceived it as no less a ballet or mime-piece than an opera: it has many long orchestral stretches without singing, but with elaborate stage-directions that prescribe a whole regiment of naked women, both serving Juan's lust and enacting symbolic *tablôaux*. You are unlikely ever to see this opera staged, but it makes extraordinary listening.

In fact it is a black, violent study in erotomania, blood-freezing but evidently heartfelt. Much of the score contains disconcertingly original things, often in 1920s dance-rhythms; much of it also is devoted to making sensational theatrical effects. The successive ladies who are Juan's prey are all sung by one dramatic soprano

(here Jane Eaglen). Another figure, "La Morte" (Iris Vermillion), represents both Juan's ultimate love and his long-desired, unfulfillable destiny, which is to die - for this Don Juan's wretched fate is to keep going, on and on.

Alfred Schmittke's latest opera (and quite possibly his last), *Historia von D. Johann Fausten*, treats the Faust myth in sometimes similar terms, including the macabre tango to which the ghostly description of Faust's demise is set. Here, however, the words are paramount - drawn not from Goethe but from the earliest version of the Faust story, by Johann Spies in 1587; the music is there only to serve them.

Was Schmittke remembering Dargomizky's famous, self-effacing setting of Pushkin's *The Stone Guest*? In any case, his *Faust* is strangely, austere compelling, incomparably better than his patchwork *Life with an Idiot*. Potent religious feeling informs it. You need to follow the text, which comes with Gerd Albrecht's impressive performance, recorded live at the Hamburg Staatsoper (two CDs).

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ARTS

end of market... Tony Thorne...

Caryl Phillips and Sir Peter Hall are not the most obvious of pairings. Yet the sleek 38-year-old British West Indian writer and the burly older statesman of the theatre have more in common than is first apparent.

Collaboration is not Phillips' forte. Seven years ago he demanded that his name be taken off the credits of a Trinity Theatre production of *All or Nothing*, his play about Billie Holiday, over what he saw as interference with the text by the director, Nicholas Kent.

The *Final Passage* is the story of two young West Indians, Michael and Lella, played by newcomers Michael Cherris and Natasha Estelle Williams, who leave the Caribbean in the late 1950s to build a new life in Britain.

Indeed, it was a sense of historical imperative that inspired Phillips to return to *The Final Passage* ten years after he wrote it and to adapt it for film. "I suddenly realised that many of those West Indians who first came here after the war were either dying or retiring to the Caribbean," he says.

Although the City of London has its own arts centre at the Barbican, the festival ranges more widely. A short series of jazz events and some classic silent films are the main Barbican events in this year's programme.

Tuesday began with free lunchtime events, including slapstick in St. Paul's churchyard, acrobatics in Commercial Union Plaza and Enigmatic Eve's "magical puppetry" at Finsbury Circus.

This is proving to be a sum-



The experience of first-time immigrants: Natasha Estelle Williams and Michael Cherris in 'The Final Passage', directed by Peter Hall

# West Indians who paved the way

John Crace talks to Caryl Phillips about the adaptation of his first novel for television

country when he was 12 weeks old and he was brought up in this country. Like Michael and Lella, his mother and father found the strain of immigration placed intolerable pressures on them and their marriage ended in divorce.

"It wasn't so much that this period was a taboo subject at home, it was more that it wasn't an everyday topic of conversation. West Indians of that generation are more concerned with the present. One of the reasons that they came to this country and put up with the poor living conditions, the menial jobs and the racism was to provide a life for their children that they couldn't have for themselves.

Phillips was born in St Kitts, but his parents moved to this

ways they knew they never could. So they never really reminisced about the past." If the West Indians have been party to forgetting this period of their history, then the British have been only too happy to collude with them. In the aftermath of the second world war, this country faced a labour shortage and many firms, encouraged by politicians of all persuasions - including Enoch Powell - went out to the Caribbean to sign up West Indian immigrant workers.

So why the change? Phillips maintains there were two reasons. The first was a matter of form. "Fiction is a more private and meditative genre. You make the journey with the characters in a novel, so you understand the ambiguities of their lives and can accept a bleaker ending. You can't get that in three hours of television; the connections you make are all much closer to the surface so everything has to be made more explicit. The novel lacked an

overt connection to contemporary Britain, and I didn't want people to see the film as just an historical drama. I wanted to ensure that people understood the way that the first generation paved the way for future generations, so I had to spell it out."

But perhaps there is a third, subconscious reason. Phillips has become one of those confident, visible black people of whom he speaks, and his own identity must have been impacted and twisted as a result. Maybe, then, he has lost a little contact with Michael and Lella and the connections

known performance, was the venue for an evening of still more high-spirited music from Steven Isserlis and friends. Liff Ove Andnesen opened with a clear-headed performance of Beethoven's B flat Piano Sonata, Op. 22. Pamela Frank and Tabea Zimmermann followed with Mozart's light-hearted Duo for violin and viola, K.423. And then Joshua Bell and Isserlis himself joined the other three for an uplifting performance of Dvořák's Piano Quintet Op.81 that took off from the opening pages of the first movement and never looked back. Played with as much zest as this, the music hardly seemed to touch the ground.

On Wednesday Middle Temple Hall, where Shakespeare's *Twelfth Night* had its first

need to be spelt out for himself as much as anyone else. Indeed for all Phillips' efforts to keep the drama fresh, it is often as an historical piece that *The Final Passage* works best, and perhaps here he has not been entirely well-served by his conservative choice of director. Hall has travelled as far from his roots as Phillips, and his inability to bring the characters to life makes the film simply good rather than something special.

But for all its faults *The Final Passage* ends up as a celebration of British West Indian culture. While the driving force of British imperialism was economic gain, its long-term legacy may have been to give Britain syntheses of culture. "Other countries envy us our culture," says Phillips. "If you ask any young people from those parts of Europe, such as Spain, southern Germany and Denmark, that are more of a homogenous splotch, 'Which is the most exciting city?' they all say London." And for those in any doubt about the heterogeneous nature of modern Britain, then just think of the film itself. Ten years ago, would any television company have given a young black writer £3m to co-produce his own work?

## City of London Festival/Richard Fairman 'Orlando' in good spirit

mer of Handel operas in London, both at the opera-houses and in concert. Hearing so many of them in succession makes one feel just slightly feeble that the 20th-century concentration span should be so daunted by the three hours plus that these operas usually last (despite several of the performances being judiciously cut) but what marvels of music they all seem to contain.

*Orlando* is one of Handel's magic operas, designed to provide spectacular scenic transformations and conjure sounds beyond the conventions of what Baroque music could express. Paul McCreesh, with

his Gabrieli Consort, conducted it that way too, pushing the extremes of tempo to their limit and making the scenes of Orlando's madness wild with fury. It was a long way from the decorous Handel of Ivor Bolton's *Semsem* at the Luftwaffe festival last week. Despite using period instruments, McCreesh is a conscious interpreter of the music in the modern style and made the drama flare excitingly into life.

Appropriately, his cast took the middle ground, neither very "authentic" nor obviously unstylish. As Orlando, Ruby Philogene sang with an impres-

sive deep mezzo that promises to go far, though Handel ideally needs a slimmer tone for agility; she also lost her way once or twice. Catrin Wyn-Davies occasionally squeezed her soprano to excess after the "authentic" style, but sang with striking purity of voice in Angelica's solos.

Jonathan Peter Kenny was a lyrical Medoro and Julia Gooding the touching, but sometimes breathy Dorinda. Neal Davies, as the magician Zoroastro, let himself go to fine effect.

On Wednesday Middle Temple Hall, where Shakespeare's *Twelfth Night* had its first

## Television/Christopher Dunkley The news at Sunrise

service do you get? You are most likely to catch *Sunrise*, the breakfast programme. This provides a rapid summary of British and international news in pretty well equal quantities, politics, sport and the weather. Often there is also an "amusing" item.

In terms of content it is pretty impressive. It will cover elections in Russia, terrorist attacks in the Middle East, and you are unlikely to miss any you are event in the UK. You could hardly call it exhaustive, however. It seems to be organised on the assumption that nobody spends more than 10 minutes on the news in the morning, so that if you watch for half an hour you simply see everything three times. Some of us would prefer less sport, less weather and more detail in the UK news.

To be fair, Sky News is clearly trying to cater not only for the temporary expatriate but for a potentially huge international Anglophone audience, so the balancing of content is inevitably a compromise. But while the content may not be displacing the

style is another matter. Sky News seems to have inherited all the disadvantages of tabloid journalism with precious few of the advantages. Then, on top of the bad habits taken over from the printed press, it has added several new ones peculiar to television.

The reporting wallows in cliché: there are no explosions or fires here, only bias and blazes. Wimbledon tennis players do not have matches - they clash. "Britain" we are told "braces itself for another postal strike". What does that mean? Are people in the UK tensing their muscles? A report from South Africa declares that sharks have been "feeding voraciously on nature's bounty". This seems to be an attempt to inject excitement into an otherwise banal bit of news showing a net of sardines being hauled up a South African beach.

Worse, the style of the printed tabloid headlines, terse in the extreme for reasons of space, has been adopted in this completely different medium

as though the style itself embodied urgency. In fact dropping the definite article and speaking in tabloidese makes you sound absurd. Nobody ever walked into a room and announced to his friends "Mortar attack on army base!" yet that is what the *Sunrise* presenter says to us. He also says "Britain's footballers pick themselves up after heart-break defeat" which, again, simply makes him sound like someone impersonating a newspaper.

There is an irritating sort of hypocrisy involved in this tabloid approach, a desire to imply that Sky News is above such vulgarity and yet at the same time to exploit it for all it is worth. Reporting from Ascot *Sunrise* told us - as though butter would not melt in its mouth - about the fuss the tabloids were making over celebrities. And the *Sunrise* report? Naturally, a lot of fuss over celebrities. In a Euro 96 report *Sunrise* claimed that fans would not be looking forward, but back to 1986, which seemed somewhat unlikely given the average age of fans.

What it meant, of course, was that *Sunrise* wanted to look back to 1986... which it promptly did. Harold Wilson, mini-skirts, the lot. When *Sunrise* reports on "What they are calling the forgotten semi-final" they mean "What we are calling the forgotten semi-final".

To top it all there is the bizarre style of emphasis and intonation adopted (albeit not unhelpfully) by Sky News journalists. "If we take a look at the weather map..." says the weather woman, as though normal practice were to look past it. "Let's see how the papers are reacting to that..." says a presenter as though we might have been expecting the word "iron".

Out on location, delivering their stories to camera, the reporters are habitually lapse into that weird sing-song that you hear nowhere else in the world. Winding up a story about a filling station with old petrol pumps run by a man who refuses to work in litres, the reporter starts his final sentence on a high note: "He may" (nods head, lowers voice) "be forced" (pauses, lowers voice again) "to close". Their mothers never talked like this, Martin Bell does not talk like this, but it seems that in tabloid television it is *de rigueur*.

## Radio/Martin Hoyle In foreign fields

Radio 5 is good on wars, battles and commemorations - even when it regrettably calls them "memorialising". Sunday was the eve of the 80th anniversary of the Somme; *Bugles Calling from Sad Shires* was a gentle but inescapably absorbing reminder of the slaughter.

The initial mood of the war to end all wars was sketched in the enthusiasm that swarmed whole streets, factories, football clubs join up in the "pals" battalions" from Accrington, Bradford, Belfast... The programme was a kaleidoscope of readings (Paul McGann, good and unactorish in the poetry), music (the 1960s "Where Have All the Flowers Gone?" might be considered rather a chest) and voices, old voices, recounting memories undimmedly vivid. A German recalled "seven days and seven nights" - a terrible refrain - in a bunker, nothing to eat or drink, the men getting hysterical and fighting one another. Then, mercifully for them, "the British army went over the top" and lost 14,000 men in the first ten minutes. (The German regiment lost 75 per cent of its men.)

There were tales of uncomprehending and incomprehensible courage: the Ulstermen, the first to move, wading through five lines of German trenches unsupported, to be driven back after 14 hours with 5,500 dead. There were unexpected angles: Bill Tidy talked about the cartoonist Bruce Bairnsfather; Victor Spinetti reminisced about *Oh What a Lovely War!*; and the English owner of the "largest crater made by man in anger" was interviewed. In an unmistakably French landscape, all bird-song and tranquillity, he claims a feeling rises from the ground at peaceful moments to "rejuvenate and recharge the spirit".

The generals, both British and French, were despised; but there were odd, tragicomic acts of doomed gallantry. One officer, anticipating modern psychology, encouraged his men to think of home, familiar routine. They went over the top kicking a football while he strolled nonchalantly with them, joking, laughing and smoking. He was of course one of the first casualties, looked on as gloriously heroic by the British and idiotic by the Germans. Perhaps both sides were right, insofar as there is any righteousness in the affair.

Tony Robinson's narration tried to avoid sentimentality - instead of being simply harrowing, that would have made the programme unbearable - but while trying to sound detached came over as merely

uninvolved. A non-actor - a historian, say - would have been a better choice. Otherwise Ruth Prince's production was first-rate, and let the facts tell their own monstrous and monumental story.

The week ended on a heartening note - all the more so since it came from radio's comedy stable, not the most stylish of provenances. The title of Godwin's *Gracious Me* (Friday, Radio 4) aroused qualms. Would "Britain's first all-Asian sketch show" fall between cultures? Be politically polemical? Patronise them or us, however "them" and "us" are defined? An even greater danger, would the critic find himself benignly patronising the programme?

In the event it was a delightful surprise, not least when you realised humour could be a bridge between cultures that actually laugh at the same human foibles. The Guru Maharishi Yogi's determinedly cheerful lecture on "inner peace", complete with self-conscious colloquialisms, was the exact counterpoint to the sermon in *Beyond the Fringe*. On the other hand, there were essentially Asian comments: the Brummie-accented phone conversation on "Punjabi Sex Line" started luke-warm, with the client at the other end patently uninterested in the telephone lady's description of her tight black leather outfit. When she switched to a flowered polyester Punjabi suit, big at the back, with food-stains down the front, the man became excited. When the heated fantasy included her cooking for him, putting up with his unannounced friends, cleaning up around their drunkenness, his ecstasy was unbounded. "For the man who really loves his mother," came the punch-line: it could have been New York Jewish humour.

The same sort of inverse logic was brilliantly deployed in a restaurant sketch. Those who like me have occasionally wondered, in an Indian restaurant, whether we were mixing the Asian equivalents of cottage pie and rutabarb and custard on the same plate, will remain insecure. Here we had a Friday night "tanker" of crowd of Indians rolling into a Berni Inn in Bombay for "an English". The women ogled the attractive pasty complexion of the white waiter, one Jam-Es, before mixing and matching their pie and cod marrow and 24 bread rolls in a daring quest for totally tasteless cuisine. Some diners even anxiously asked for the blandest thing on the menu. I shall never complain that a curry is not hot enough again.

INVITATION

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SPORT

Tennis

# The dreams of all England

The nation took defeat well in a tournament full of upsets and surprises, writes John Barrett



Pete Sampras: 'I ran into a player who was really hot'

The most remarkable Wimbledon I can remember ends this weekend - weather permitting. After nine days of stunning upsets the biggest shock of all came on Thursday with the defeat of the three-time champion Pete Sampras by Richard Krajicek of Holland. Undeclared on grass since fellow American Todd Martin beat him in the Queen's Club final in 1994, Sampras had looked invincible ever since. But in his three winning years he had never faced a man in such compelling form.

"I ran into a player who was really hot," said Sampras. "I'm sad to have lost. Wimbledon has been very good to me and it is important to me to do well in the Grand Slam Championships. But I guess I'll just have to wait until next year."

As Krajicek proved, success in life is all about taking your chances. That is a lesson that the British No.1 Tim Henman

seems to have learned already. His thrilling progress to the quarter-finals during Wimbledon's waterlogged second week unleashed a wave of patriotic fervour not seen since Virginia Wade's victory in 1977.

In beating successively Russia's newly crowned French Open champion and No.5 seed, Yevgeny Kafelnikov, the two British wild cards - Danny Sapsford and Luke Judd - plus Sweden's Magnus Gustafsson, a former member of the top 10, the 21-year-old Oxford man has certainly risen to the occasion. Inevitably he has also carried on his slender young shoulders the dreams of a nation which craves success in the sport they invented some 120 years ago.

That is a daunting responsibility when you remember that Tim is only the fifth British man to have reached the quarter-finals at Wimbledon since 1946. Although Henman appears to have the necessary qualities - an impeccable ten-

nis pedigree, a balanced outlook on life, no technical weaknesses, and a burning desire to succeed - there have been others with equally impressive credentials who have failed to deliver.

Tony Mottram led the British game for 10 years after the war but reached the last eight only once, in 1948, when the American Gardner Mulloy proved too good.

Bobby Wilson, the most talented player we have produced since the days of Perry, did it four times. In 1958 the elegant Middlesex right-hander would have served for the match against Australia's top seed and eventual champion, Ashley Cooper, if he had converted the break point he held at the end of the fifth set. I can still feel the twinge of disappointment we all felt as the passing shot just missed.

Wilson's other conquerors were Roy Emerson (1959), who became champion in 1964 and 1965 and the speedy American

Chuck McKinley (1961 and 1963), who also became the champion in the latter year.

Michael Sangster and Roger Taylor went one better than Mottram and Wilson by reaching the semi-finals. Sangster achieved the feat in 1961 when, like Wilson, he lost to McKinley, and Taylor reached the last four three times. In 1967, the last year of amateur tennis at Wimbledon, the Yorkshire left-hander lost to Germany's Wilhelm Bungert who went through to the final but lost there to the new king of the amateur game, John Newcombe.

In 1970 Tatler thrilled the centre court crowd by beating the four-time winner and defending champion Rod Laver in the fourth round and then beating Clark Graebner before losing to Ken Rosewall. Three years later Taylor went out to the eventual winner Jan Kodes in the semis.

Yet none of these men went on to become the best player in

the world. The painful truth is that ever since the game became truly international in 1919, Fred Perry, the first man to win all four of the major Championships, is the only British man to have been a world champion. Algy Kingscote, the winner of the Australian Championships in 1919, is the only other Briton to claim one of the major prizes in Australia, France, Britain and the United States. Perry's rivalry with Bunny Austin in the 1930s and their combined efforts for Britain in the Davis Cup produced a four-year period of British supremacy that excited the nation in the way that our footballers did with their World Cup win in 1966.

The curious thing is that during the same period five British women have won at Wimbledon. Kitty Godfree led the charge with her two wins (1924, 1926) and in the pre-war period Dorothy Round kept the flag flying with another two successes (1934, 1937) from

three appearances in the final. Angela Mortimer was the first of the post-war winners with that emotional win in 1961 against the heroine of the schoolgirls, Christine Truman. Incidentally, that had been the first all-British final since 1914.

In 1961 Ann Jones beat the world's two leading women, Margaret Court and Billie Jean King, to earn her moment of glory. Those were the best consecutive victories by a British woman ever at Wimbledon.

Coincidentally it was another eight years later that Virginia Wade did her thing in front of the Queen who was doing a rare visit to Wimbledon in her jubilee year. That was the only time I have heard the Wimbledon crowd break into a spontaneous chorus of "For she's a jolly good fellow".

It would be nice to think that during the next few years Tim Henman will give them the chance to recreate that happy mood, but the weight of his story is against it.

Yachting

# True setting for sea gems

Keith Wheatley, yachtsman with a soul, has found his 12-metre heaven in St Tropez

Sovereign, Freedom, France II. What names these boats have. What resonance for any sailing enthusiast who has followed the history of the America's Cup, the oldest regularly contested international sporting contest in any discipline.

St Tropez last week was heaven on earth for any yachtsman with a soul. The Rolex Cup pulled together the biggest gathering of 12-metre yachts seen in European waters since the second world war. These 13 floating masterpieces were there not just for some *concours d'élégance*, but to race.

Owners who had sacrificed blood and treasure to rescue and restore these nautical

gems had the chance for once to see them in their true element; fighting on the start line, battling for room at the weather mark.

"It's just the best show on earth for me. I never had this sensation to be in a big fleet with my boat. So beautiful," said Milan-based businessman Gianni Gini, owner of Victory. His yacht was the former Victory '83, built by British entrepreneur Peter de Savary to challenge for the 1983 America's Cup.

Gini now keeps it close to his summer home on Lake Como. Yet, perhaps surprisingly, it is not the only such exotic craft on the lake. His neighbour has Italia, a virtual sister-ship to Victory, funded by the Gucci

family to challenge for the 1987 Cup held in Australia.

"For the last five years we have been match-racing each other. Maybe 10 times each summer," said Gini as he sipped a post-race espresso on the crowded quay in the Vieux Port. "It is close but Italia has the winged keel and would normally win."

Not every owner is so keen to be part of a racing scene. Elizabeth Marlin is a Swiss who lives near Lake Geneva, where there is a great deal of sailing. For the last four years she has had furniture-makers working on a complete restoration and conversion to cruising-mode of France II, the second of three boats built by the late Baron Elch to compete for

the America's Cup.

The interior is all varnished wood, comfy sofas and cosy cabins. Not all the stripped-out racing machine created by the ferociously competitive baron more than 20 years ago. "We never imagined to take France II racing, she is for our holidays," said Marlin, who conceived and supervised every inch of the interior. "But the St Tropez people phoned and phoned and said it would not be the same if France II didn't come. So here we are and it is fantastic."

Although they were, for nearly 20 years, synonymous with the America's Cup, the 12-metre class is bigger and stronger than a single trophy - however prestigious. The appeal of

a classic design is timeless and works its magic without reference to competitive glory.

However, what the Cup did for the Twelves was project a dozen or so individual boats into yachting's Hall of Fame. Public awareness of boats such as Intrepid, Freedom and the winged-keel Australia II came via countless front-pages and television sports stories.

The man-in-the-street might not have known much about sailing but the idea gradually sank in that the 12-metre was to sailboats what Jaguar had been to sports cars. And, for once, conventional wisdom got it dead right. At the dawn of the 20th century, European yachtsmen became concerned that boat shapes were becoming too diverse to allow effective racing.

In 1906 a new international rule was proposed, encompassing French, German and British rating rules and creating a uniform style. It was essentially simple, expressed by a formula that added length, beam, girth, sail area and freeboard together in various measures, dividing the result by two to give a simple numerical value.

Designers had great freedom to play with the different parameters, as long as the resultant number came out as one of the four acknowledged classes of 6, 8, 10 or 12 metres. Although the six-metre survives as a rarefied three-man keelboat and is much loved by its small number of devotees, it was the 12-metre that really took off, as, believe it or not, an economical way for gentlemen possessing means but not fortunes to go yacht racing.

By the beginning of the second world war, more than 70 12-metres had been built. Two big British fleets existed, on the Solent and on the east coast based in Essex and Suffolk. Across the Atlantic there was a growing fleet at Newport, Rhode Island.

The New World had enthusiastically taken up this European concept and thrown American technology at it. New construction methods and radical rig and deck fittings began to appear. The US was making the running although meetings between the two rival fleets were rare.

With the end of the war



Floating masterpieces: competitors in the St Tropez Rolex Cup

came the realisation that the days of the J-class dinosaurs such as Endeavour and Ranger were over. The 12-metre was the chosen class when the America's Cup resumed in 1988. It was the beginning of the Twelves' finest hour. While four yachts from the pre-war era - Flicia II, Nyala, Vim and Tomahawk - raced at St Tropez, the most venerable of the boats with an actual Cup heritage was Columbia. In the US trials of 1968 it crushed Vim (at

20 years old, never a serious contender) and went on to win the Defence itself. Now fitted with a cruising interior, Columbia was never likely to set the Golfe de St Tropez alight.

However, the other Cup winner in the fleet, Freedom, was a different proposition. Now owned by French sailor Francois Fontes, in 1980 Freedom gave Dennis Conner his first America's Cup win and established the name of a helmsman

who would become a legend, competing in seven consecutive cups and winning four of them.

Fontes had left the pale blue, 12-metre visually unchanged since its famous Newport victory against Australia. As she danced across the Mediterranean, a huge quarter wave curving back from her stern, it took not an ounce of imagination to be back in Rhode Island. Which is what this whole Rolex Cup was all about.

# International



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Golf

# Cotton archive goes public

Golf sales have avoided recession's bunker, writes Antony Thorncroft

When the public learned that young Henry Cotton had a chance of becoming the first Briton to win the Open for many years in 1934, the trains to the course at Sandwich were crammed and the start of the final day's play had to be delayed. Britain had a rare sporting hero.

Cotton stayed at the top for many decades and became the first modern professional golfer. He earned big money; he endorsed products; he created a golf club in Portugal. He was also the first golfer to leap the social barrier, as related in the Savoy Grill as on the golf course. The inevitable knight-hood came just before his death in 1987.

Next Friday Sir Henry

becomes public property. His family is selling off his golfing archive at Sotheby's and expects to make at least £150,000. The most precious relic, the clubs that won his first Open, are missing, but his medals for winning all three of his Opens are on offer, at £20,000 each. With typical Cotton flamboyance, one became part of a gold bracelet, another part of a brooch surrounded by rubies and diamonds.

There are sets of clubs available, one created to conform to his belief that every club should be the same length. The set carries a modest £1,000 top estimate. More pricey is the miniature silver claret jug, a replica of the 1934 Open trophy, which could fetch £10,000. There are many albums of

photographs showing Cotton touring the world with wife Toots, (whose father owned the biggest estate in Argentina). But perhaps of most interest to golf maniacs is the simple tweed flat cap which Cotton inevitably wore as he stormed the fairways.

This is the time of year for golfing memorabilia to reach the pockets of the world's golfing groups gathered for the Open. Christie's holds its golf sale on July 15, Phillips a day later. Prices for golf memorabilia have steadied since the heady days of the late 1980s when frenzied Japanese buying pushed prices into over-drive.

There is nothing this month to equal the £630,000 paid for a set of 14 clubs, each owned by an Open champion; the £97,000

for a single club, or rather for a piece of blacksmith's iron which stood in for a club around 1700; or the £22,000 for a mid-Victorian feather-stuffed golf ball.

But Sotheby's expects £20,000 for "Auld Fawkie", the long nosed putter of around 1650 which helped Willie Park to his Open win; Christie's up to £3,000 for Tony Jacklin's Open winning club; and Phillips £10,000 for an early 19th century long spoon club. With 50m golfers spread around the world, to say nothing of prestigious new golf clubs anxious to buy an immediate tradition by accumulating a golfing archive, this is one area of sporting memorabilia which has escaped the recessionary bunker.

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James Morgan

# An example that is not exemplary

A dose of British medicine could improve matters in much of the continent

Someone, somewhere must have said it, it has the ring of a hackneyed quotation: "The seeds of failure are sown at the moment of triumph." Maybe it was me. Anyway, it could explain why the French have suddenly realised that German reunification in 1990 was an end rather than a beginning. When that event made its singular contribution to the destruction of *Modell Deutschland*, it undermined France as well. In last month's edition of *Esprit*, a political scientist, Anne-Marie Le Gloanec, noted that just as Germany started to change bit by bit, France committed itself to follow the German model in its entirety.

So, *Le Monde* asked, if Germany was going downhill, what did that

mean for France which was trying so hard to become German? But the questioner, the paper's former man in Bonn, believed it was also true that Germany had become too French. If Germany was in decline that was partly because Chancellor Kohl was more French than German. "Helmut Kohl is atypical. In spite of his profound attachment to his Rhinish roots, he exercises power more like French governments than in the fashion of the Federal Republic."

This was shown by his "voluntarism", by the priority given to personal loyalty in his appointments and by strategic visions founded on personal intuition and individual relations with his opposite numbers in other countries. His Chris-

tian Democratic party was nothing more than a committee for the reelection of the Chancellor. A week later, *Libération* took up the same story from the opposite point of view. France had become a model in Germany for those resisting attempts to scale back the welfare state. One Saturday last month a nurse planted a blue, white and red tricolour on the lawn at the university of Bonn. Demonstrators gathered to praise the French strikes of last winter which showed "not everything had to be accepted."

In success, France looked to Germany; now, in failure, many Germans look to the French as leaders in the campaign to resist change. The writers in *Libération* were

amazed. The history of unquestioning acceptance of German social and economic superiority had come to an end and the Germans were divided.

In France, the "German example" had long been a ritual incantation of politicians trying to justify their proposals to a sceptical electorate. Even opponents saw the problem in Germanic terms. French Eurosceptics call the *franc fort* policy a "social Munich" and the Maastricht treaty "the spirit of Vichy."

France is left with an example that is no longer exemplary. *Le Monde* concluded: "Germany, which was for more than a century the mother of theoretical and philosophical reflection on the nature of the world, now seems to have

nothing to say to us, for the model has collapsed. Those who welcome change in Germany, meanwhile, are few but powerful, and surreptitiously look to Britain. When some months ago a poll was conducted among Germans as to which country they would like to be like, Sweden and Switzerland emerged as top nations. Few felt favourably about Britain but those who did were the very rich and the young.

Now we can understand the curiously warm welcome given to the Labour party leader, Tony Blair, by German industrialists last month. He was received as a supporter of those policies of flexibility and low costs so desired by these Germans (but which the Labour party for so

long fought against). Few continental figures dare publicly say that British Tory policies are right: it would be electoral suicide for politicians. This is a shame because a bit of British medicine could improve matters in much of the continent.

Blair's destiny may be to become the acceptable face of Britain, because he was not involved in any of the dirty work that has made Britain the bedtime story told by continental trade unions to frighten their children. *L'entre-politisme*, as the French call it, could yet have its day, once those who invented it have gone.

James Morgan is economics correspondent for the BBC World Service.

# Peter Aspden Playing for a sporting smile



The clip-clop-wallop of the tennis season never fails to remind me of my first ever public humiliation. I was just 12 years old, and had been chosen as a ball-boy for one of the prestigious pre-Wimbledon warm-up tournaments.

For anyone acquainted with my current fleetness of foot, this is amusing enough in itself. When I say that my first unglorious court debut if you were to assist a fresh-faced, lightning-quick newcomer to the tennis scene by the unlikely name of Evonne Goolagong, it becomes funnier still.

The 18-year-old Miss Goolagong, as she was called in those patronising days, had just begun to be noticed by the sporting press. Tennis had already started its slide into joyless commercialism, but here was a delightful throwback to playing for fun. Goolagong had grace, charm and the attention span of a two-year-old. She famously came "on walkabout" during matches, when she was capable of stringing together unbelievable sequences of wretched shots.

Even at her best, her first serve plopped when it should have soared. She looked elsewhere to win her points: fabulous movement, improvisation, timing. And a bewitching smile which, if it didn't win points, conquered crowds all over the world.

It was that smile which threw me. You see, she didn't like the ball. I gave her. She stared at it, rattled it, threw it back at me. She smiled, waiting for another. But I had gone on a bit of a walkabout of my own. I wasn't concentrating. I failed to see the ball until it was too late; it

political initiative in world trouble-spots, that it should be seen as conscience money. For her it is the visible expression of civilised European values, a counterweight to the EU's economic obsessions.

"Showing solidarity is part of the European identity," she declared. Indeed, her chief ambition seems to be to bring Brussels closer to the citizens of Europe, to convince them the EU is more than a benefit match for multinational companies and banks.

I asked her about her own ambition. Did she want another Commission portfolio?

"Is the Pope still alive?"

Yes, but there is concern about his health.

Bonino gave a shriek of glee and was about to answer when the young *chef de cabinet* who had been listening in the background intervened to steer his boss round the trap. "Emma very much feels the responsibility of being the first Radical to reach this position..." he intoned.

"Yes," said the Commissioner, taking her cue. "You are right, Filippo. A radical can be good in government - not only screaming but also really managing. To have ideas doesn't mean that you are a visionary, that you are mad. You can have ideas and also be a good manager. Ideas help you to be a good manager."

So I tried again. How would your ideals survive if you were given the budget, or external affairs?

She clapped her hands. "Good. External affairs. Fantastic. Foreign policy, that's the real thing."

Would that require more realpolitik?

"Sure. But I'm not Don Quixote - even if I like very much Don Quixote."

Would you like one day to go back to Italian politics?

"No."

And that was about as far as she would go.

Clearly it was not the engineer's fault, but Bonino never did get married. For five years, however, she was foster mother to two little girls from broken homes. By an unhappy coincidence the girls were returned to their respective families in the week, and the house fell silent.

Emboldened by her earlier frankness I asked Bonino whether she had filed the silence with a resident man or had led a solitary life.

She was shocked at the naivety. "What do you mean 'a solitary life'? Because I'm not married? It's possible, isn't it, to have a boyfriend?"

"It is, I agreed.

"Like everybody, I have had a - how do you call them? - a 'resident' for long time, and then he wasn't resident any more and he left. And for the moment I am waiting for another one. But they are difficult to find, you know."

I asked just in case you were planning to get married on Monday...

She shrieked with laughter. "I've resisted 48 years. Too late! Even my mother has given up any hope at all. So..."

# The crowd waited. The umpire stared at me. A needless pause in the game

trying to catch it, I dropped the others which I had been holding. One of them hit my big toe and shot into the middle of the court. The crowd waited. The umpire stared at me. A needless pause in the game, and an anarchic ball straying across the court. His court.

Evonne - Miss Goolagong - smiled some more, and walked up to me, to talk tennis balls. But by now my sense of co-ordination had gone. She took the initiative, flicked a ball up into her hand with her racket. But it was too late to save my embarrassment. "Hurry up please, ball boy!" I still hear the phrase in my anxiety dreams. I reddened further, the crowd tittered and I vowed to give up this precarious pursuit.

Goolagong won the game, of course. She would win two Wimbledon, four Australian and a French, always smiling. I asked for her autograph, because everyone else did, and she was lovely. I, of the other hand, was traumatized. True to my vow, I never volunteered to ball-boy again; never even asked for another autograph.

Until last weekend.

Last weekend I met the man whom I spent large parts of my life as a 12-year-old trying to imitate. If Evonne Goolagong was one of sport's most promising newcomers in 1970, Felé was its undisputed master. He was famous that year for his scoring on two memorable occasions, but the near misses have gone into legend anyway, and they did not stop him from picking up the Jules Rimet trophy (still gleaming) at the end of a sparkling Mexico World Cup.

I thought long and hard about whether it was dignified for a 38-year-old journalist to ask for an autograph, decided that it probably wasn't, but what the hell, there is only one Pelé. He had been in London to give periodic pronouncements on the European Championship, and was now giving his final verdict on the tournament. One sensed he was disappointed, but he was magnificently diplomatic and treated us all to his own bewitching smile. He signed my Brazil shirt (yes, it gets less dignified by the minute) with aplomb.

Pelé, Brazil's sports minister, travels the world as a "football ambassador", giving solemn judgments on the game which he so clearly loves. He and football find hard to live apart. He famously called it "the beautiful game", but it is an adjective he uses a lot. He has the seraphic expression of one who sees beauty all around.

Evonne Goolagong has a lower profile: she lives in a remote part of Queensland, researching her Aboriginal background and helping to run a wildlife sanctuary. Her interests have broadened. I cannot imagine her enjoying watching the androflod clip-clop-wallop of the modern game. But what stars they were in 1970, what memories they stir in 1996, and what an autograph collection it have.

# Emma Bonino tells Christian Tyler how she progressed from the Italian Radical party to becoming a big fish in the European Commission

The way she tells it - frank, funny and angry by turns - Emma Bonino would not be where she is today, sitting in a big office in Brussels as a Commissioner of the European Union, but for a remark made to her by a doctor in Milan in 1976.

She was a 27-year-old school-teacher at the time, the daughter of "poor peasants" who had put herself through university with her mother's connivance.

She had an engineer boyfriend who was, she recalled, "a little bit straightforward - you know, a square kind of guy - who wanted to marry me. Luckily, he didn't - I mean luckily for the two of us." She laughed.

"Before having sexual intercourse we had gone to the gynaecologist and he said 'I'm sorry, but you're sterile'."

"Well," she continued in her idiosyncratic but fluent English, "I was a little bit not so happy. So we decided to have 'sex and drugs and rock-and-roll' or whatever it was called then."

"After two months it turned out it was the doctor who was sterile. Because I was certainly pregnant."

The couple went back and asked the doctor what next. He told Bonino there was no problem. She should get married; she was old enough, she had a degree and she could work.

"I said: 'That's maybe your way of looking at things.' He said - I can't translate this literally because it's something that I will never forget in my life - 'If you want to kill a life in bloom, *una vita in fiore*, it will cost you one million lire.'

"That sentence I will never forget, and not only because I didn't have a Lin - my boyfriend neither - but because it was so bluntly said."

Bonino had been a foreign languages student at Milan's Bocconi University in the revolutionary year of 1968 but had taken no interest in politics ("I don't even remember it happening"). Now, she said, she became infuriated by the hypocrisy of a system which declared abortion a crime yet permitted women in trouble to be so exploited.

No - my boyfriend neither - but because it was so bluntly said."

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idea. She asked to do a course not offered at Turin university so that she could study in far-off Milan and avoid coming home each night. There she became a mother's help to pay her fees, won a scholarship, and spent three years working in Ireland and the US.

While in New York to research a thesis on Malcolm X, the Black Power leader, she found a job selling shoes in Carrano's elegant boutique on Fifth Avenue. It was undemanding - the shoes came in little Italian sizes - "So unless we could find some Chinese customers we had nothing to do."

Back in Italy the trauma of her unwanted pregnancy and the subsequent abortion, carried out for her for £30,000 by a "nice" doctor in Florence, prompted her to become a volunteer in a private - and legal - family planning clinic.

In one of her first acts of civil disobedience, she moved to an abortion clinic, then illegal. She told the police what she had done, succeeded in getting prosecuted and managed to serve three weeks in jail as part of a national campaign to change the law.

In 1976 she was asked to become a candidate for the Radicals, a small centrist party seeking to promote an individualist society against what she calls the authoritarianism of the Christian Democrats on the right and the Communists on the

left. She was five times elected to the Chamber of Deputies and twice to the European Parliament.

Name a cause, and Bonino has campaigned about it: nuclear power, famine relief, human rights, divorce, drug decriminalisation, the death penalty, land mines, AIDS. If you were ungenerous you might say she was a serially single-issue politician. I asked her: Do you want to change the world or do you just have a talent for politics?

She lit a cigarette, the first of many. "Are you asking me if this is a job or a passion? It comes down to this. I don't know when I developed a real passion for politics, but my passion is how individuals can change society, notwithstanding big parties and big bureaucracy."

In that case, I said, aren't you in the wrong place here?

"No, it's exactly the right place. It's quite a privilege to be here," she added innocently.

Looking around the office I could not help but agree. But where, I asked, was the radical politician now?

Bonino became serious. "I discovered that to serve your ideals you need two things: institutions, but also pressure from outside. So after 1976 I began to couple the two and which are deeply rooted in me."

"I believe in institutions. I think they are needed. I believe in rules. I

am not anarchic.

"You also need pressure from outside, non-violent campaigning," she continued. "Because institutions have an almost irresistible trend to become introverted. They even invent a particular language which is understandable only on the inside - like in computers, or sailing."

Do you consider yourself a bureaucrat?

"Oh, no, I don't consider myself a bureaucrat, though other people may. When I was in the European parliament I thought the commission was a bureaucratic job. Now I have discovered, being inside, that you really can change things. Everything here is non-partisan, but it is politics. I discovered this to my astonishment and pleasure. From a personal point of view I was not happy to be appointed here."

Bonino owed her unexpected appointment in 1986 to Silvio Ber-

lusconi, the former Italian premier, who needed to woo the Radical party for his coalition. Colleagues in Brussels fearful of what the hot-headed Italian might get up to have been generally enthusiastic about her, describing her as exhilarating but sensible.

I asked how she was getting on with the other commissioners. Had they discovered...

"...the institutional soul of Miss Bonino" she interrupted. "I made them discover my second soul."

Her portfolio has three oddly-assorted parts: fisheries, which she acquired almost by accident, with a budget of €6080m (\$1.1bn) last year; humanitarian aid (€6082m disbursed worldwide); and the poor relation, consumer affairs (€202m).

Of the three, fisheries has given fullest rein to her undoubted talent for confrontation and plain speaking. ("There's not enough fish for everybody," she said. "The fishermen have been greedy. We have to cut the fleet. We have to modernise.")

But humanitarian aid is the cause closest to her heart. An incessant traveller, she came under fire on a visit to Somalia, flew into the war zone after the Bosnian Serbs captured Srebrenica, and wants soon to visit the Burmese opposition leader, Aung San Suu Kyi.

She is anxious to dispel the notion that aid is a substitute for

**'You can have ideas and be a good manager. Ideas help you to be a good manager'**

# The solid virtues of old age

Former premier Ted Heath's 80th birthday is worth celebrating, says Philip Crowe

especially for him in Peking. He has always had a particular interest in China, long before it was either necessary or fashionable.

In old China, Heath's great age and experience would have been accorded far more respect than is shown to him in England. People would bow and ask in the politest way, "What is your glorious age?"

His wisdom and experience would be valued and respected. In his home country, he is treated as a relic, long past his sell-by date. Newspaper profiles pass lightly over his achievements and make much of his failures. He is chided for "sailing on past the sunset", and for daring to comment on policies long after he should have retired.

He is portrayed as "the incredible sulk", whose opinions are determined not by his truthfulness or intrinsic value, but by their capac-

ity to annoy or embarrass his successors. Lady Thatcher, in particular. It is, of course, true that he was a little put out by his replacement as Conservative party leader.

The retired headmistress of a large public school, who knows him well, once said publicly that she thought Heath had behaved disgracefully towards Thatcher, and she added, in her sternest tones, "I have told him so." But 30 years in politics are not to be judged solely by one damaged relationship.

His greatest achievement is the successful completion of the negotiations which took Britain into Europe. Heath's vision of a Europe in which member states work together for the good of all has never wavered. His view of Europe is a blend of vision and statesmanship, practical policies and personal interest.

As part of his birthday celebra-

tions, he conducted a concert in Wiesbaden this week, a cultural counter-point to disgraceful tabloid coverage of the football. Not surprisingly, he is dismayed at the Eurosceptics in his own party, and takes every opportunity to say so.

He is intensely critical of an attitude to Europe which feeds on xenophobia, and which uses the union as a means of furthering Britain's interests. There is no doubt that had Heath still been prime minister, the BSE crisis would have been handled entirely differently.

He would have treated European leaders as partners rather than adversaries, and would have gone to them privately when the scale of the problem first became apparent. Together, they would have worked out the lines of an agreement before any public announcement was made.

which was just around the corner from Heath's house. Before the war started, he came into college and spent a couple of hours with us. He gave us a concise factual account of the conflict, and then answered questions.

He listened carefully to even the most naive question, made sure he had got the question right, and then gave a crystal clear answer.

His dry humour and his perfect timing had us roaring with laughter, but what impressed us most was the underlying seriousness, the lack of self-importance, and the simple, human concern to find a just and practicable solution.

His audience, not noted for their political sympathies, were still applauding long after he had left the room. To dismiss such a man as a sailing relic is an insult.

Beneath the dry, apparently detached, rather pontifical manner, there is a cultured and intelligent human being. On the verge of reaching 80, he remains sharp and alert, and concerned about the future. His age, his wide interests, his experience and his wisdom are well worth celebrating.

Instead, the adversarial approach has lurched from public announcement to public row, from bans to bullying. The last desperate resort to the policy of non-co-operation has, with doublethink worthy of George Orwell, been hailed as a triumph of diplomacy.

Under Heath, such an attitude towards people who are supposed to be partners would have been not only unnecessary but inconceivable. His willingness to talk with Saddam Hussein was far more controversial. He took the view that every evil man is to be stopped by immediate resort to war, then soldiers are going to be very busy.

As one of the people involved in drawing the boundaries between Kuwait and Iraq in the 1960s, he knew more about the underlying causes of the conflict than most. During the Gulf war, I was principal of Salisbury and Wells College,

James Morgan

Directors' share transactions in their own companies June 24-28 1996

Table with columns: Company, Sector, Shares, Value, No of directors. Lists transactions for various companies like Altrons, Bowthorpe, British Polythene, etc.

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and unlisted) including exercises of options...

Results due next week

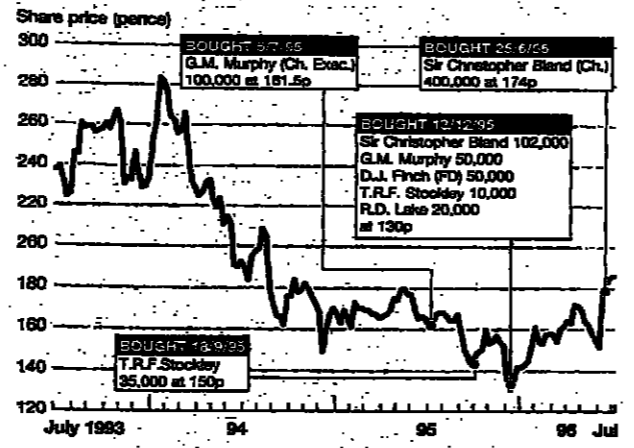
Table with columns: Company, Sector, Announced date, Last year interim, Dividend FY, This year interim. Lists companies like Baxpac, Blue Group, British Bloodstock, etc.

Dividends are shown net pence per share and are adjusted for any intervening scrip issues. Reports and accounts are not normally available until three to six weeks after the board meeting to approve preliminary results.

Directors' dealings

The month-end directors' buy/sell ratio looks set to be about 1.4:1, which is up on May when it was only 1.1:1, writes Vivien MacDonald of The Inside Track. There have also been more purchases over the past month than we have seen for a while.

NFC



Last week's preliminary results

Table with columns: Company, Sector, FY, FY, FY, FY, FY, FY. Lists companies like Aardis Steak, Aardis New York, Associated Mining, etc.

Last week's interim results

Table with columns: Company, Sector, FY, FY, FY, FY, FY, FY. Lists companies like BZW Convertible, Baxpac, British Bloodstock, etc.

New issues

More prominent stockbrokers this week voiced their reservations about the forthcoming flotation of British Energy, writes Christopher Pridmore. Preliminary bids by fund managers this week were reported to range from 200p to 230p, putting a value on the company of between £1.4bn and £1.6bn.

Dividend Motors is to raise £22.8m via a 1-3 issue @ 220p. Inspirations is to raise £12.1m net via an issue of 12.7m 7% preference shares on the basis of 2p for 5c.

In the Pink

Only the cream has it licked in the homes market

Anne Spackman finds 'average' rises in house prices hide big variations

Like many in today's property market, the owners of a large Edwardian family house have struggled to find a buyer. After nine months on the market, including a price reduction, a deal is at last going through.

Period family houses in Kensington are the most sought-after homes in Britain. Demand for them has soared since the market turned in the winter of 1992-93, pushing prices up by as much as 50 per cent.

The reason this house struck was not that it had some serious flaw such as subsidence or a motorway at the end of the garden. It was simply not as attractive as most Kensington houses.

House sales is still down on last year. Around 97,000 houses are being sold each month this year. In the boom of 1988 the figure was 175,000. Volumes are expected to remain low while inflation remains low, as house buyers have to find the costs of moving from their pockets, rather than from the profit on the sale.

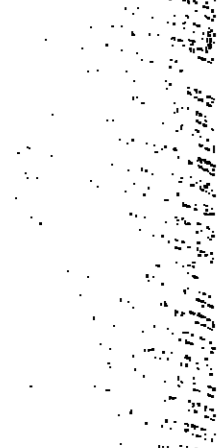
is increasing as quality of life rises up the buyer's agenda. A good example of this comes from Cambridge. Bidwells has this week sold a six-bedroom village house 11 miles south-east of the city, for which it received six bids over the guide price of £275,000.

There is a real divide between the best and the rest. At the other extreme the properties which continue to fall in value are primarily the smallest and cheapest. It is possible to buy an ex-council house in Greater London or a terraced house in a former pit village for less than the limit on your credit card. But they are unlikely to represent good value.

The bottom rungs of the housing ladder are falling away, as increased affordability allows first-time buyers to buy bigger and better. There are still no buyers for the tiny starter homes which were thrown up in the mid to late 1980s, where most negative equity is concentrated.

Advertisement for Perpetual funds. Includes the headline 'WORLD INCLUSIVE.', a photograph of a woman, and text describing the funds' performance and investment strategy. The Perpetual logo is prominent at the bottom.

Playing for a sporting smile



# Weekend Investor

Wall Street

## Fizzling out for the Fourth of July

The economy has been wondrous to watch, but Maggie Urry believes the party's over

Nobody likes a party-popper. This week, Alan Greenspan and his colleagues at the Federal Reserve made sure Americans could enjoy their Fourth of July Independence Day celebrations.

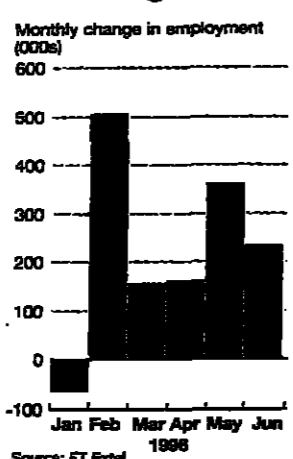
When the Fed's policy making committee met on Tuesday and Wednesday, it decided there was no need to change monetary policy and it did not even issue a statement. So on Thursday patriots could enjoy their picnics, barbecues and fireworks. Yet the dazzling pyrotechnics of Macy's annual display which lit up the sky over Manhattan's East river might be an analogy for the US economy. Spectacular though it was, there comes a point in any such show when the crack in the rock and the thundering in the ears gets a little too much to bear. In the end, something seemed to go wrong at the Macy's fireworks, and the usual grand finale closed with a fizzle.

The economy has likewise been spectacular to watch this year. Growth has turned out much stronger than expected, and with the second quarter now over economists are revising up their view of the gain in GDP in the period. Estimates of an annual growth rate of perhaps 4 per cent are now looking decidedly modest.

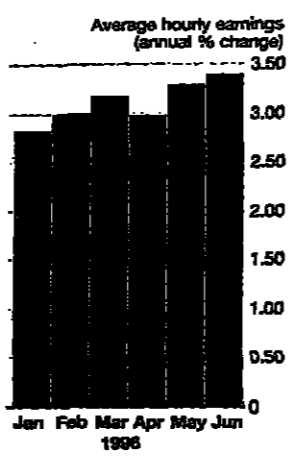
And since 4 per cent was considered a rollicking rate, which could not be sustained for long, most forecasters had predicted a slowdown in the third quarter. The question now facing the markets is, if the economy was growing even faster than thought in the second quarter, can it slow down to a sustainable rate quickly enough to head off action from the Fed? In other words, can the economy fizzle out like the fireworks?

The smoke certainly cleared for the markets yesterday morning when the June employment figures were released. These have become the focus of the market's attention this year and yet again they brought a nasty surprise. The number of new jobs created was 239,000 in June, while average earnings were 3.4 per cent higher than a year ago. The bond market reacted quickly, with prices tumbling and the yield on the 30-year "long" bond rising towards the peak of 7.18 per cent it reached a few days after the shock of the May employment report. The equity market opened

Too strong for too long



Source: FT Econ



Source: FT Econ

sharply lower as well.

To economists, a too-strong economy usually means rising inflation. And the solution to that is a tightening of monetary policy through higher interest rates.

"It's been too strong for too long," was the hasty reaction of the economists at CIBC Wood Gundy. At Salomon Brothers, John Lipsky, chief economist, says: "The question now is not what the Fed will do, but just how much does the Fed have to do?" He sees few signs of economic growth decelerating, and is worried that Salomon's forecast of a 2 1/2 per cent rate of GDP growth in the third quarter may prove too low.

Economists agree that the Fed did not know what yesterday's jobs report would show when the policy makers met earlier in the week. Had they known, would they have raised interest rates? Professor Jeremy Siegel, professor of finance at Wharton, reckons they would not - but thinks they should have. "My feeling is they act too slowly in raising and dropping rates," he says. The rise in average earnings is likely to lead to higher inflation, he argues, while a fall in the unemployment rate from 5.8 to 5.3 per cent - the lowest for six years - could also be inflationary.

At Deutsche Morgan Grenfell, Ed Yardeni argues that improved productivity should mean the unemployment rate can go lower without inflation picking up. At Lehman Brothers, Jeff Applegate suggests that as the number of jobs increases, the labour force has also been expanding, because people who had not

been bothering to look for work are attracted back.

But most agree that a rise in interest rates is almost certain at the next policy meeting, on August 20, and it might even be by half a percentage point rather than the usual quarter.

Markets may not have to wait till then to find out, though. Greenspan is due to address Congress with his twice yearly Humphrey Hawkins testimony on July 16. Having kept a low profile lately, that speech and the questioning he will face after it could give him an opportunity to warn the markets of a coming rate increase.

Siegel admits that it would have been hard for Greenspan to raise interest rates before his Congressional grilling. So far there is no sign of worsening inflation - and until there is firm evidence that prices are getting out of hand, Greenspan could be accused of acting too soon. "He has nothing to hang his hat on," Siegel says. But he is caught between the politicians - who would rather not see rates rise before November's elections - and the markets, which want to be reassured of the Fed's determination to keep inflation down. If he does not move, says Siegel, the markets will do his job by pushing up long-term yields. Either way, we are in for "a very tough and difficult time".

The party's over.

### Dow Jones Ind Average

Monday	5729.98	+75.35
Tuesday	5720.38	-9.50
Wednesday	5703.02	-17.36
Thursday	Markets closed	
Friday		

London

## Sleeping dogs allowed to lie

But markets cannot rest easy, writes Philip Coggan

We are all familiar with the Sherlock Holmes case involving the dog that did not bark in the night. This was a week when a visitor to the Battersea Dogs Home might have felt he was touring a Trappist monastery.

The US Federal Reserve could have raised interest rates when its open market committee met this week. Such an action could have been easily justified by the strength so far this year in US employment data and by the Fed's natural desire to keep ahead of the game and head off inflationary pressures before they start to appear.

Markets are naturally nervous that, with economic growth showing signs of a pick-up in the US, Japan and continental Europe, the global interest rate cycle might be about to turn upwards. Such a shift is normally bad news for share prices. In the event, the Fed decided to do nothing.

Boris Yeltsin could have slumped to defeat in the Russian presidential elections this week. The war in Chechnya and the effect of his economic reforms on the well-being of many Russians had made him unpopular; his bouts of ill-health might also have caused voters to doubt whether he was physically up to the job.

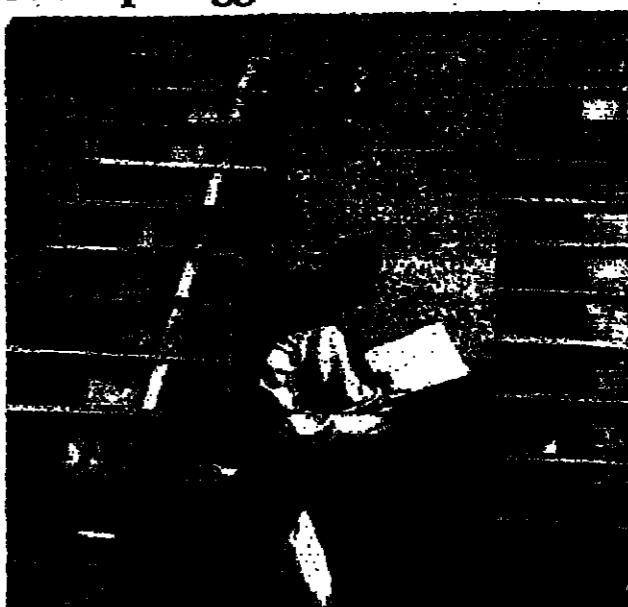
A Communist victory would have caused investors to doubt the likelihood of further free market reform in Russia; might have led to some selling of shares in east European markets and might also have caused concern in markets worldwide that cold war tensions was returning. As it was, Boris romped home to victory and dog number two was silent.

Relief that the above two problems did not materialise played its part in spurring the FT-SE 100 index to rally sharply on Thursday, when most traders expected markets to be quiet because of the US Independence Day holiday.

The cash market was led by the future which suddenly switched from a discount to a premium to the underlying index; the future is the most efficient way for institutions to get money quickly into equities.

But markets cannot rest too easily. Either of the two dogs could awake from its slumbers. As yesterday's stronger-than-expected non-farm payroll figures showed, the US economy is still healthy and might soon force the Fed to act. Reaction to that data turned a 20-point plus gain in Footsie into a 20-point loss within minutes yesterday. And Boris Yeltsin's health could ruin his second term, prompting a destabilising battle for the succession.

Markets might have been more ambivalent about the third dog to keep its muzzle closed this week - UK interest rates. Kenneth Clarke, the chancellor, and Eddie George, governor of the Bank of England, met on Wednesday and appear to have left rates



Silence is golden: the Fed and Russian communists were quiet

on hold.

After June's surprise rate cut, which appeared to some observers to owe more to the political than to the economic cycle, it was possible that the chancellor might gamble on another quarter of a percentage point reduction. Recent economic statistics have shown some signs of weakness and little indication of inflationary pressures.

But the chancellor may have decided to keep his rate-cutting ammunition on hold until nearer the election. Alternatively, the governor may have held the line against a further reduction, on the grounds that rapid money supply growth and the fastest rate of real personal income growth since 1989 point to a potential consumer boom in late 1996 and early 1997.

If a rate cut had been announced, the chances are that gilt investors, who tend to think like the governor, would not have reacted well. But equities find it hard not to take cheer when rates are falling.

So far this year, smaller company shares have been a lot more cheerful than their larger brethren. Up to Thursday night, the FT-SE 100 index was up just 1.5 per cent on the year, while the mid-250 index had risen 8.7 per cent and the All-Share 4 per cent.

Ian Scott of Lehman Brothers points out that mid-cap stocks have outperformed in several European equity markets so far this year. As well as their UK gain, he says, they have outperformed by 25 per cent in France and by 25 per cent in the Netherlands. "In the past, there has been a close correlation between rela-

tive mid cap performance and the economic cycle," says Scott. "This recent out-performance suggests these markets are discounting a very rosy scenario for economic growth and are vulnerable to disappointment. In short, they look expensive."

Another analyst who is gloomy about the mini-cap is Paul Walton of Goldman Sachs who says investors should "focus any UK holdings in the FT-SE 100, excluding utilities, because we perceive up to 20 per cent downside in the Mid 250/Small Cap stocks".

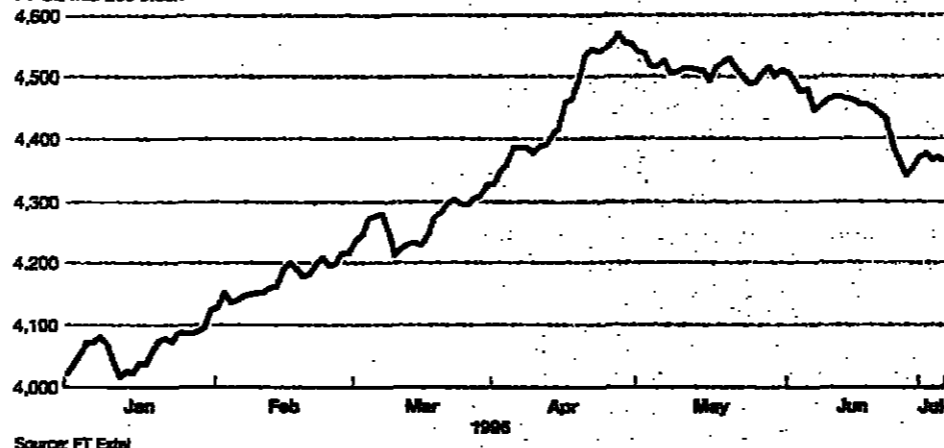
The broader market does seem to have taken a bit of a breather in recent weeks. The day average of advancing relative to declining stocks, a useful indicator of sentiment, dipped below 1 on June 24 and has stayed there ever since. After Thursday's trading, the ratio was 0.7; in other words, declining stocks had outperformed advancing ones by a ratio of 10 to 7 over the previous 10 trading days.

Even after the recent weakness, shares do not look particularly cheap. The gilt-equity yield ratio was 2.18 on Thursday, not outrageous but not a bargain either. At a time when analysts are edging down their 1996 earnings forecasts, the same could be said of the historic price-earnings ratio on the All-Share, which is 18.

In short, investors have every reason to be cautious. It may accordingly take the Hound of the Baskervilles - or a Fed rate rise at its next meeting in August - to startle Footsie out of its recent 3,650-3,850 trading range.

### The Mid-Caps come off the boll

FT-SE Mid 250 Index



Source: FT Econ

### Highlights of the week

	Price	Change	52 week	52 week	
	\$/share	on week	High	Low	
FT-SE 100 Index	3743.2	+32.2	3867.1	3400.4	Interest rate relief
FT-SE Mid 250 Index	4367.2	+14.0	4668.6	3750.5	Focus shifts to leaders
Abbey National	586	+44	663	477	House market optimism
British Airways	538	-16	572	424 1/2	Pilots vote to strike
BP	591	-28 1/2	603	451	Broker recommendations
Chelsea Village	90	-22	100	53	Matthew Harding invests
Eurochem	544	-48	645	439	Management changes
GEC	367 1/2	+20 1/2	381	297	Strong results
HTV	343	-24	401	191	Takeover speculation
Orange	207 1/2	-18	254	207 1/2	Weak subscriber figures
Pilkington	187	+6	223	166	Broker 'buy' advice
Palin	440	+90	470	131 1/2	Amrad merger hopes
Sainsbury (J)	371	-9	478 1/2	355	Disappointing results
United Biscuits	227	-13	334	210 1/2	Upgraded forecasts
Wessex Water	363	+16 1/2	374	235	Bid talk



Barry Riley

## Pensions have to be paid for

Longevity is a salient factor in designing prudent pensions

The Labour Party has intervened only weakly in the debate about modernising pensions. It has decided, like the government, that some of the more radical ideas for compulsory contributions into second-tier funded schemes look like vote losers. But the debate is moving in an inevitable direction.

The first Big Idea in pensions was the pay-as-you-go social insurance scheme, which recycles compulsory social security contributions into pensions. This model was introduced to the UK by Lloyd George in his "People's Budget" of 1909 although because life expectancy for men at that time was under 50 the scheme had only a tiny impact and a marginal cost.

It is very different now. The modern versions of these schemes are being ruined by increased longevity. Either, as in the UK, the benefits have been reduced to "nutritional" levels or, as on the Continent, the schemes are piling up ruinous deficits. The average male in the UK at 65 now has a further life expectancy of 15 years.

A second Big Idea was the occupational scheme linked to final pay, a system developed in the civil service (unfunded) and insurance companies (funded) and later introduced in the funded form across most of industry. These

schemes encouraged loyalty, and have given good protection against inflation for long-servers. They have also provided unearned windfalls for bosses who receive big pay rises late in their careers. Early leavers have usually taken the short straw.

Many companies are now rethinking this whole concept, however. Barclays Bank, for one, has decided that loyalty is old-fashioned and job flexibility is the new keynote. It has terminated its final salary scheme in favour of a more basic plan in which the benefits are no longer guaranteed by the employer but are determined only by an individual's contributions and the investment returns.

The new Pensions Act, which comes into force in most respects next April, could speed up this shift because of the extra burdens it imposes on final salary schemes.

Big Idea number three was the personal pension plan introduced by the Thatcher government in the late 1980s. It fell foul of aggressive selling and high costs, culminating in a major row over alleged mis-selling by life assurance companies. The investment regulators originally whipped up that controversy to a puzzling degree, but now appear to be playing it again, perhaps because the life companies are required to be outside for Big Idea number

four. This is that everybody should make contributions - of perhaps a minimum 10 or 12 per cent of pay - into cheap and simple personal pension plans run by competing private sector institutions according to strict official specifications. Companies could sponsor these plans for

**The most important Big Idea of all is surely a healthy and (modestly) wealthy old age**

their employees, or continue with existing more generous schemes if they wished; otherwise people would choose their own personal plan provider.

The Adam Smith Institute, for instance, is promoting a variant of this concept called the Fortune Account, which would be expanded to take in unemployment insurance and provision for long-term care in old age. The National Association of Pension Funds has proposed a National Pension Scheme organised along somewhat similar lines.

The success of the 401(k) employer-sponsored retirement plans in the US has been widely studied. They

have fuelled a mutual funds boom and, arguably, a bubble on Wall Street. Even so, the idea of such plans (often of the order of 1.5 per cent a year) is of concern. It may not sound much, but on the assumption of a 6 per cent long-run real investment return costs of 1.5 per cent can erode a third of the final value of the fund over 30 years.

Moreover, there is a danger that the historically high investment returns seen during the past 15 years - some 10 per cent real on UK equities, and as much as 6 per cent real on the much-maligned gilt-edged - will encourage unrealistic expectations. Prudent provision for retirement is an important principle, but the idea that the average retiree will be able to cash in a plan and live in luxury for 25 years is a pipedream.

It is quite likely that, health scares notwithstanding, longevity will continue to increase at the rate of about two years every decade. This must be taken into account in designing a pension framework. The retirement age will surely have to be raised to 70 or even 75 - an age at which the average male of that seniority can now expect to survive for another 9 years.

But as a report from the Carnegie UK Trust pointed out this week, this is the reverse of the actual social

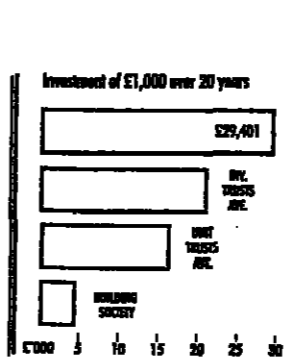
trend. Almost a third of people between 50 and 60 are economically inactive. They may or may not prefer this idleness as individuals, but either way, from the country's point of view, it represents a serious loss of potential output and tax revenues.

Final salary pension schemes may be playing an important role in this sidelining of older workers, because they provide the wrong incentives: they encourage employers to get rid of older workers, whose pensions are very expensive, and they discourage employees from phasing themselves down into easier, lower-paid jobs because the rules of final salary-linked pensionable employment do not allow for that.

As for the tax burden of pensions, one way in which the state could cut costs would be to limit tax relief to lower income brackets - say only up to two times average earnings instead of four at present. This would not just be a penny-pinching move. It should also allow the Revenue to simplify the pensions tax rules because it would no longer need to worry so much about the abuse of pension schemes as tax avoidance devices for the wealthy. Then we can all concentrate on the most important Big Idea of all: a healthy and (modestly) wealthy old age.

Offshore managed funds and UK managed funds are listed in Section One

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Main table containing financial data for various unit trusts, including columns for fund names, prices, and performance metrics. The table is organized into multiple columns and rows, covering a wide range of investment funds.

OTHER UK UNIT TRUSTS

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The Swedish exchange rate advertisement. It features the text 'The Swedish exchange rate' and 'SAAB beyond the conventional INSURANCES'. It includes a phone number '0800 626 556' and a small image of a SAAB car.

Vertical text on the left margin, including 'o lie' and 'Op nce'.

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Table of financial data including 'General Royal Exchange' and 'Legal & General - Contd.' with columns for fund names and prices.

Table of financial data including 'Merchant Inventory Assurance Co Ltd' and 'Old Mutual Life Assurance Co Ltd - Contd.' with columns for fund names and prices.

Table of financial data including 'Royal Life Assurance Ltd - Contd.' and 'Scottish Provident Investments - Contd.' with columns for fund names and prices.

Table of financial data including 'Sun Life Assurance Society Ltd - Contd.' and 'Money Market Trust Funds' with columns for fund names and prices.

Table of financial data including 'Money Market Bank Accounts' and 'MANAGEMENT SERVICES' with columns for fund names and prices.

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OFFSHORE AND OVERSEAS

Table listing various offshore funds including Lytle's Money Market Fund Ltd, BERNUDA (SIB RECOGNISED), and others with columns for Name, Price, and % Change.

Table listing offshore funds under the heading 'BERNUDA (SIB RECOGNISED)' with columns for Name, Price, and % Change.

GUERNSEY (REGULATED)

Table listing Guernsey-regulated funds including AXI Investment Co (Guernsey) Ltd, Apollo Investment Management Ltd, and others.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey-regulated funds under the heading '(SIB RECOGNISED)' with columns for Name, Price, and % Change.

IRELAND (REGULATED)

Table listing Ireland-regulated funds including IRELAND (REGULATED), IRELAND (REGULATED), and others.

IRELAND (SIB RECOGNISED)

Table listing Ireland-regulated funds under the heading '(SIB RECOGNISED)' with columns for Name, Price, and % Change.

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Main table containing fund names, descriptions, and unit prices. Includes sections for Luxembourg (SIB Recognised), Luxembourg (Not SIB Recognised), and Offshore Insurances.

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Main table containing fund names, prices, and performance metrics. Includes sections for 'Other Offshore Funds' and 'Managed Funds Notes'.

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WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (A\$ 1/US\$)

(Time close)

Table of US stock market data including S&P 500, Dow Jones, and various sector indices.

CANADA (A\$ 5/Can \$)

Table of Canadian stock market data including TSX 300 and various sector indices.

MEXICO (A\$ 100/Mex \$)

Table of Mexican stock market data including IPC and various sector indices.

BRAZIL (A\$ 100/Brazil \$)

Table of Brazilian stock market data including Ibovespa and various sector indices.

ARGENTINA (A\$ 100/Arg \$)

Table of Argentinian stock market data including Merval and various sector indices.

CHILE (A\$ 100/Chile \$)

Table of Chilean stock market data including IPSA and various sector indices.

PERU (A\$ 100/Peru \$)

Table of Peruvian stock market data including BVL and various sector indices.

VENEZUELA (A\$ 100/Ven \$)

Table of Venezuelan stock market data including IVBOP and various sector indices.

COLOMBIA (A\$ 100/Col \$)

Table of Colombian stock market data including IBEXC and various sector indices.

ECUADOR (A\$ 100/Ecu \$)

Table of Ecuadorian stock market data including ISE and various sector indices.

PARAGUAY (A\$ 100/Par \$)

Table of Paraguayan stock market data including IPS and various sector indices.

URUGUAY (A\$ 100/Uru \$)

Table of Uruguayan stock market data including IPS and various sector indices.

EUROPE

AMSTERDAM (A\$ 100/Amt \$)

Table of Amsterdam stock market data including AEX and various sector indices.

BRUSSELS (A\$ 100/Brussels \$)

Table of Brussels stock market data including C20 and various sector indices.

FRANKFURT (A\$ 100/Frankfurt \$)

Table of Frankfurt stock market data including DAX and various sector indices.

LONDON (A\$ 100/London \$)

Table of London stock market data including FTSE 100 and various sector indices.

PARIS (A\$ 100/Paris \$)

Table of Paris stock market data including CAC 40 and various sector indices.

STOCKHOLM (A\$ 100/Stockholm \$)

Table of Stockholm stock market data including OMX and various sector indices.

ZURICH (A\$ 100/Zurich \$)

Table of Zurich stock market data including SMI and various sector indices.

AFRICA

Table of African stock market data including various regional indices.

ASIA

Table of Asian stock market data including various regional indices.

AUSTRALIA (A\$ 100/Aus \$)

Table of Australian stock market data including ASX 200 and various sector indices.

NEW ZEALAND (A\$ 100/NZ \$)

Table of New Zealand stock market data including NZSE 20 and various sector indices.

INDONESIA (A\$ 100/Indo \$)

Table of Indonesian stock market data including IHSG and various sector indices.

PHILIPPINES (A\$ 100/Phil \$)

Table of Philippine stock market data including PSE and various sector indices.

THAILAND (A\$ 100/Thai \$)

Table of Thai stock market data including SET and various sector indices.

VIETNAM (A\$ 100/Viet \$)

Table of Vietnamese stock market data including HNX and various sector indices.

SINGAPORE (A\$ 100/Sing \$)

Table of Singapore stock market data including SSEC and various sector indices.

AFRICA

Table of African stock market data including various regional indices.

PACIFIC

Table of Pacific stock market data including various regional indices.

ASIA

Table of Asian stock market data including various regional indices.

Advertisement for Rockwell automotive component systems, featuring the text 'In the world of automotive component systems, Rockwell is world class' and the Rockwell logo.



PACIFIC Jakarta

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Handwritten signature 'JALICO LTD' in a box.

Table with columns: Ticker, Volume, Year, Close.

FINANCIAL TIMES ANNUAL REPORTS SERVICE

FINANCIAL TIMES ANNUAL REPORTS SERVICE



LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from the London Stock Exchange Official List and should not be reproduced without permission.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours to 5 pm on Thursday and settling through the Stock Exchange's Tailsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

† Bargains at special prices. ‡ Bargains due the previous day.

British Funds, etc

Trustee 134.50 2000 - 112.50
Equiper 102.75 2000 - 117.75
Corporate and Country Stocks
London County 2 1/2% Cons 1987/2000

Foreign Stocks, Bonds, etc

Abey National Treasury Capital 12.50
Abey National Treasury Capital 12.50
Abey National Treasury Capital 12.50

Korea-Europe Fund Ltd SHSND to B1 30
Korea-Europe Fund Ltd SHSND to B1 30
Korea-Europe Fund Ltd SHSND to B1 30

Land Securities PLC 9% 1st Mtg Deb 96
Land Securities PLC 9% 1st Mtg Deb 96
Land Securities PLC 9% 1st Mtg Deb 96

Liberty International Hedge PLC A Cum
Liberty International Hedge PLC A Cum
Liberty International Hedge PLC A Cum

Liberty International Hedge PLC B Cum
Liberty International Hedge PLC B Cum
Liberty International Hedge PLC B Cum

Liberty International Hedge PLC C Cum
Liberty International Hedge PLC C Cum
Liberty International Hedge PLC C Cum

New Gateway Securities Trust Ltd 25p
New Gateway Securities Trust Ltd 25p
New Gateway Securities Trust Ltd 25p

Northbrook PLC 4 1/2% Cum Div 97/2002
Northbrook PLC 4 1/2% Cum Div 97/2002
Northbrook PLC 4 1/2% Cum Div 97/2002

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Telephone: 0171 714 44 171 International callers 448 1810. Facsimile: 0171 714 44 171 International callers 448 1834.

STERLING ISSUES BY OVERSEAS BORROWERS

Asian Development Bank 10 1/4% Ln Stk 2000/99 - 1115
Asian Development Bank 10 1/4% Ln Stk 2000/99 - 1115
Asian Development Bank 10 1/4% Ln Stk 2000/99 - 1115

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Asian Development Bank 10 1/4% Ln Stk 2000/99 - 1115

CONTRACTS & TENDERS

SAUDI CONSOLIDATED ELECTRICITY COMPANY IN THE WESTERN REGION is hereby pleased to announce on a public tender basis the SHOIBA New Power Plant project according to the following details:

Tender No. Scope of Work Tender Documents Tender Operating Date for technical proposal Bid Bond Value

98/1/16 5x350 MW Steam Units with required jetty and accomodations 100,000 10/6/1417H 12,000,000

99/1/16 380/110KV S.S. with 380 KV O. H. T. L. 30,000 11/6/1417H 1,500,000

Tender closing date is 9th Jamad II 1417H (21st Oct. 1996G) at noon time.

Tenders operating will be at 9 am local time on the above specified dates.

Tenders conditions includes specific financial alternatives.

To acquire the tender(s) documents, interested manufacturing and specialized companies and establishments as well as power developer are required to apply in writing to DDG Finance, SCECO - WEST H.Q. P.O. Box 9299 Jeddah 2141 Telex & Fax 6518325, (Hamra Corniche -Jeddah - KSA), against a certified non refundable cheque of the above mentioned value(s) in the name of saudi consolidated Electricity company in The Western Region.

Tenderers shall submit their proposals in three (3) red waxed envelopes one original and four (4) copies as under.

1. One envelope for the bid board bank guarantee.

2. One envelope for the technical proposal (s).

3. One envelope for the commercial proposal (s).

Each envelope shall be marked as above and delivered by hand or sent through registered or Mumtaz / DHL mail to the following address:

Chairman / Tender Opening Committee (Secco - West) HQ, p.o. box 9299, jeddah 21413 Kingdom of Saudi Arabia.

All proposals shall be enclosed with the following:

1. A bank guarantee in the amount specified above and from a local bank acceptable to Saudi Consolidated Electricity Company In The Western Region.

2. Valid copies of the commercial registration, Zakat and Income Tax, Chamber of Commerce and Social Insurance Certificates (when applicable).

3. Certified copy of the contractor classification certificate.

4. List of previous experience in relative fields.

5. Certified copy of tenderer financial status.

All tenderers shall abide by the above terms as well as terms and conditions contained in the tender documents. SCECO - West has the right to postpone or cancel the tender(s) in part or in whole without assigning reasons.

Tenderers shall be opened in presence of officially authorized tenderers' representatives.

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Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

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Hourly movements

FT-SE Actuaries Indices

Hourly movements

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FT-SE Actuaries Indices



MARKET REPORT

US jobs news triggers big sell-off in UK stocks

By Steve Thompson, UK Stock Market Editor
The action in the FT-SE 100 was much more subdued. The index closed only 3.9 off at 4,367.2, having been over 11 points higher in mid-session, to post a rise of 14.0 on the week.

The US news, which showed a 239,000 jump in new jobs in the US and an upward revision - from 348,000 to 365,000 - in the May report, as well as a worrying rise in hourly earnings, was immediately followed by a two point slide in US Treasury bonds. The yield on the long bond was propelled through the 7 per cent level.

UK gilts followed Treasury bonds lower and London's equity market, which earlier in the session had built on Thursday's big recovery in confidence in the FT-SE 100 future, promptly went into a sharp reverse.

Market observers warned that the latest jobs expansion, and the revision, could well provide the ammunition for the Federal Reserve to increase US interest rates at the next meeting of Open Market Committee, scheduled for August 20.

Commenting on the economic news from the US, Mr John Reynolds, global investment strategist at NatWest Markets, said: "Expect further volatility in US bonds. The storm clouds are gathering and the worry is that the Fed is in danger of falling behind the yield curve. We could be looking at a yield of 7.5 per cent on the long bond."

FT-SE 100 Index
Closing index for Jul 5: 3743.2
Changes over week: +32.2
Jul 4: 3780.6
Jul 3: 3714.1
Jul 2: 3725.7
Jul 1: 3725.6
High: 3790.0
Low: 3708.2

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Ticker, Vol, Closing, Days, Change. Lists major stocks like Astra, Biffar, British Airways, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table with columns: Index, Open, Set, Price, High, Low, Est. Vol, Open Int. Lists FT-SE 100 Index Futures and Options.

Pearl deal lifts life stocks

Life insurance companies, which tend to react in line with big market moves, ignored the sharp turnaround in London and the big slide on Wall Street.

GRIEF PRICE CHANGES

Table listing price changes for various companies like Bank Scotland, Belfargo, etc.

NEW 52 WEEK HIGHS AND LOWS

Table listing 52-week highs and lows for various companies like Astra, Biffar, etc.

FT-SE Actuaries Share Indices

Table showing FT-SE 100, FT-SE 250, FT-SE 350 indices and their performance.

The UK Series

Table showing UK Series indices like FT-SE 100, FT-SE 250, FT-SE 350.

Redland lifts builders

Building materials stocks with German exposure, perky lately following positive news from Pilkington, were given an extra boost yesterday by an upbeat trading statement from Redland.

British Assurance jumps

British Assurance jumped 4 1/2 to 789, closely followed by United Fresh, which rose 20 to 789, and Biffar 15 to 479.

Hourly movements

Table showing hourly movements for FT-SE 100, FT-SE 250, FT-SE 350.

FT-SE Actuaries 350 Industry baskets

Table showing industry baskets like Edg & Cheron, Bankers, etc.

New high for Zeneca

Zeneca hit a new closing peak. The rise of 23 to 1454, on turnover of 3.5m, consolidated a gain of six per cent over the past fortnight.

Alphatec

Alphatec is a leading facility for clean dusting in an industrial process. Shares traded on OSEK should be considered high risk investments.

THE FRAUD REPORT

Do you know how much money your company is needlessly throwing away each day? It could be more than the profit you are making.

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To receive a FREE sample copy, contact: Charlotte Green, FT Financial Publishing, Maple House, 149 Tottenham Court Road, London W1P 9LL, UK.

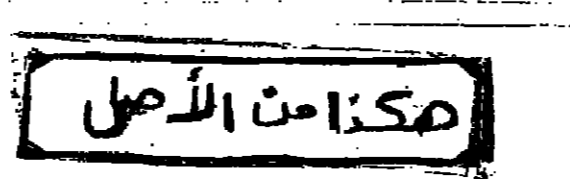
Table with columns: Company, Mkt Price, Change, Mkt Price, Change. Lists various companies like Advanced Media, etc.

Other names of shares available. OSEK is a leading facility for clean dusting in an industrial process. Shares traded on OSEK should be considered high risk investments.

The ALL ENGLAND LAWN TENNIS GROUND plc ("Company")
£2,000 nominal debentures 1996/2000 Series

Set out below are the prices and dates of the three most recent transactions in the No. 1 Court Debentures, as notified to the Company.

£3,500 (24/06/96); £3,500 (24/06/96); £3,500 (24/06/96)





LONDON SHARE SERVICE

DIV TRUSTS SPLIT CAPITAL - Cont.

Table listing various Dividend Trusts with columns for Name, Price, and Dividend Yield.

LEISURE & HOTELS - Cont.

Table listing Leisure & Hotels companies with columns for Name, Price, and Dividend Yield.

OTHER FINANCIAL - Cont.

Table listing Other Financial companies with columns for Name, Price, and Dividend Yield.

PROPERTY - Cont.

Table listing Property companies with columns for Name, Price, and Dividend Yield.

SUPPORT SERVICES - Cont.

Table listing Support Services companies with columns for Name, Price, and Dividend Yield.

AIM - Cont.

Table listing AIM companies with columns for Name, Price, and Dividend Yield.

OTHER INVESTMENT TRUSTS

Table listing Other Investment Trusts with columns for Name, Price, and Dividend Yield.

OIL EXPLORATION & PRODUCTION

Table listing Oil Exploration & Production companies with columns for Name, Price, and Dividend Yield.

INVESTMENT COMPANIES

Table listing Investment Companies with columns for Name, Price, and Dividend Yield.

OIL, INTEGRATED

Table listing Oil, Integrated companies with columns for Name, Price, and Dividend Yield.

OTHER FINANCIAL

Table listing Other Financial companies with columns for Name, Price, and Dividend Yield.

LEISURE & HOTELS

Table listing Leisure & Hotels companies with columns for Name, Price, and Dividend Yield.

PHARMACEUTICALS

Table listing Pharmaceutical companies with columns for Name, Price, and Dividend Yield.

PAPER, PACKAGING & PRINTING

Table listing Paper, Packaging & Printing companies with columns for Name, Price, and Dividend Yield.

RETAILERS, FOOD

Table listing Retailers, Food companies with columns for Name, Price, and Dividend Yield.

RETAILERS, GENERAL

Table listing Retailers, General companies with columns for Name, Price, and Dividend Yield.

TELECOMMUNICATIONS

Table listing Telecommunications companies with columns for Name, Price, and Dividend Yield.

TEXTILES & APPAREL

Table listing Textiles & Apparel companies with columns for Name, Price, and Dividend Yield.

TOBACCO

Table listing Tobacco companies with columns for Name, Price, and Dividend Yield.

TRANSPORT

Table listing Transport companies with columns for Name, Price, and Dividend Yield.

WATER

Table listing Water companies with columns for Name, Price, and Dividend Yield.

RETAILERS, GENERAL - Cont.

Table listing Retailers, General companies with columns for Name, Price, and Dividend Yield.

SUPPORT SERVICES

Table listing Support Services companies with columns for Name, Price, and Dividend Yield.

AIM

Table listing AIM companies with columns for Name, Price, and Dividend Yield.

Advertisement for Sharelink with phone number 0121 200 2242 and the slogan 'Helping investors help themselves.'

AMERICANS

Table listing American companies with columns for Name, Price, and Dividend Yield.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and Dividend Yield.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and Dividend Yield.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Share, a member of the Financial Times Group.
Market capitalizations shown are calculated separately for each line of stock.

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# FINANCIAL TIMES

Weekend July 6/July 7 1996

**LEGAL DEFINITIONS**  
 share s. 8 & 9: popular outcome of withdrawal vote to the Middle Ages & now of money dried for gain or loss on the outcome of an uncertain event. see now s. 8 & 9: 200 (p. 0171-245 4282)  
 Rowe & Maw  
 LAWYERS FOR BUSINESS

## Indonesian markets hit by Suharto health fears

By Manuela Saragosa in Jakarta

Official confirmation that Indonesia's President Suharto will fly to Europe tomorrow for a medical check-up caused Indonesian shares to fall sharply. The Indonesian rupiah also continued to tumble against the dollar amid concerns about the 75-year-old president's health. Indonesia's secretary of state, Mr Mardiono, said President Suharto - who has governed the country since the mid-1960s and has no obvious successor - "will go abroad... with the main aim of undergoing a medical check". He added that medical check-ups in foreign countries were "normal" among government officials. Yesterday, the president was following his normal schedule. Despite Mr Mardiono's attempts to play down health concerns, the news of Mr Suharto's planned check-up has fuelled

speculation. Matters were not helped by Mr Mardiono saying that the president might be accompanied by some of his sons and daughters. Agency reports earlier this week quoted presidential palace sources and people close to cabinet members saying Mr Suharto had heart, liver and kidney problems. Mr Suharto was last treated in hospital in August 1994 for kidney stone problems. "The president has a routine medical check-up every six months," Mr Mardiono said yesterday stressing that Mr Suharto was in good health. But this was not enough to calm a nervous stock market, which fell 2.3 per cent to close at 575.049 points. Shares related to the presidential family were among the worst hit, with Buntara Citra, a holding company controlled by Mr Suharto's second son Mr Bambang Trihatmodjo, closing down 5.5 per cent at Rp2,550. The toll road company 39 per

cent owned by members of the presidential family, Citra Marga Nusaphala Persada, ended more than 3 per cent down at Rp3,435. The rupiah, which tumbled on rumours surrounding the president's health on Thursday, was trading at Rp2,243 against the dollar late yesterday compared with a rate of Rp2,326 mid-week. Some diplomats and political analysts expressed surprise that Mr Suharto intended to leave Indonesia at a time when there has been political turmoil. Last month Jakarta was the scene of some of the worst rioting of recent years. The market's reaction to speculation surrounding Mr Suharto's health is another reminder of sensitivities surrounding the succession issue. Mr Suharto is widely expected to run for a seventh term at the presidential polls in 1998.

## Escom in German inquiries on insider dealing

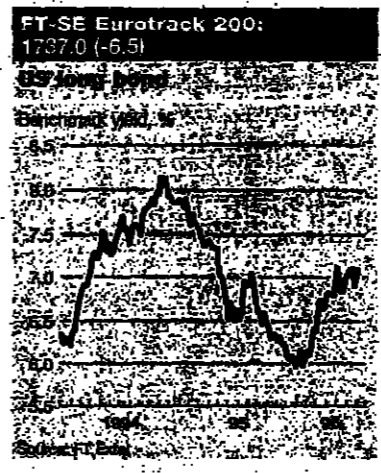
By Michael Lindemann in Bonn

The German authorities have started a probe into possible insider trading of shares in Escom, the computer retailer. The watchdog agency overseeing the German stock exchange yesterday said it had begun investigations. This week the company filed for protection from creditors. Most of Escom's equity is held by a number of well-known German companies, including Quelle, the mail-order group which directly and indirectly holds 38 per cent. Siemens Nixdorf, the computer maker, holds a further 12.5 per cent and an investment management arm of Bayerische Vereinsbank holds 16 per cent. Mr Manfred Schmitt, the former and former chief executive, held 22.67 per cent of Escom's equity the last time details of shareholdings were given in March. About 16.5 per cent is spread among an unspecified number of private investors. Escom declined to comment on the investigations and Mr Schmitt could not be reached. The federal supervisory office for securities trading declined to give any names. Since the beginning of May, the number of Escom shares being traded had risen up to nine times above the previous average trading volumes, said Mr Jürgen Oberfrank, a spokesman for the Frankfurt-based agency. Last week the agency had formally decided to investigate the unusual Escom trading volumes and was now assembling information about when exactly what trades had been made. The Escom investigation comes at a time when shareholders are becoming increasingly angry about the way German-listed companies manage their information. Most recently, reports about first-half losses at Lufthansa, the national carrier, were leaked widely in newspapers, causing the share price to slide. Escom, one of Europe's leading computer retailers, applied for a so-called *Verpleich* - similar to Chapter 11 proceedings in the US - on Wednesday after shareholders had refused to supply further funds to cover unexpectedly high losses. The group said an administrator was in talks with the management board all day yesterday and that a decision was expected in coming weeks about whether a *Verpleich* was viable or whether Escom would have to declare bankruptcy. A *Verpleich* is only possible if the company has sufficient funds to cover running expenses such as wages and if it can repay 35 per cent of its debts within 12 months. This week Escom said losses were about DM180m.

### THE LEX COLUMN

## Rising interest

The US Federal Reserve shirked raising interest rates earlier this week. But, following yesterday's strong employment data, an increase in rates next month - if not before - looks almost inevitable. It is not merely that non-farm payrolls, the bugbear of previous months, again rose faster than expected: hourly earnings increased sharply, as did the average length of the working week. Though such evidence of a tighter labour market probably does not signal imminent inflationary danger, the Fed would be foolish to risk it. Financial markets are understandably jittery at the prospect of a turn in the US interest rate cycle. After all, the last turn in the cycle in early 1994 prompted a collapse in bond markets; the yield on the long bond rose two percentage points before the year was out. But will markets be as traumatic this time round? Probably not. For a start, a tightening in US monetary policy has already been substantially discounted whereas in 1994 it was a shock; the long bond yield has already risen one percentage point this year. Moreover, if the Fed does act soon, it will be nipping inflationary pressures in the bud. The worries back in 1994 that the Fed was "behind the curve" will probably not materialise. If the outlook for US bonds is fairly sanguine, the same cannot be said for shares. Though the equity bull market has stalled this year, there has been no sell-off. Liquidity, especially strong flows of cash into mutual funds, has allowed shares to decouple from the bond market. However, the willingness of US investors to plough increasing amounts of cash into equities could be sorely tested by a rate rise.



purchase of Premier League rights will eventually add £5m to Manchester United's annual profits. Clubs have also realised the potential profitability of merchandising sales. Moreover, a European court ruling has made it much cheaper to bring in foreign players whose contracts expire. But it is going to be a game of two halves for investors. The key to expanding profitability will be play in an increasingly profitable European competition, and having a sufficiently strong franchise to plug into pay-per-view television. Clubs like Manchester, Newcastle and even Leeds look well placed to use income from the existing base of fans to bring in the new players to ensure they can enter this extraordinarily profitable phase for the game. For the losers, however, there is just the prospect of a rapidly rising wage bill.

### Windfall tax

With characteristic gusto, the British chancellor has belatedly started laying out Labour's planned utility windfall tax. He makes some powerful points. But he also goes too far: what ever he may claim, the tax is sadly not unwelcome. In essence, Mr Kenneth Clarke's complaint is that the tax will be unfair. Certainly it is bound to penalise the wrong people: by the time the prospect of the tax started hitting share prices, many shareholders who benefited from early windfall gains had doubtless sold out. Moreover, because the aims of the tax are muddled, the choice of victims is bound to be arbitrary. Tax legislation cannot target individual companies, so it will have to work according to crude general rules of thumb. And since "windfall profits" is a vague concept, the result is bound to be unsatisfactory. Mr Clarke could also have made a more fundamental point. Whatever the past rights and wrongs of British privatisations, retrospective taxation of today's shareholders is not the right answer. The better solution is to get current regulation right: with regulators such as Ms Clare Spottiswoode who needs a windfall tax? For all its flaws, however, the fact remains that Labour is plainly far too committed to the plan to drop it. Quite the reverse: it is now showing worrying signs of planning to run the tax over several years - a depressing development which could easily start to conflict with effective regulation. Investors may agree with Mr Clarke that the result will be a thoroughly bad tax. But they should not let him kid them it cannot happen.

### DM vs euro

Using its recently returned footballers to help promote the euro is one of the better wheezes the German government has come up with to persuade the German public to swap their treasured D-Marks for the planned single European currency. But the rest of Bonn's DM180m (93.8m) publicity campaign, which includes pamphlets on aircraft and information packs in schools, is unlikely to have the desired impact. The euro's unpopularity - 50-60 per cent of Germans fall opinion pollsters they would rather keep the D-Mark - is based largely on lack of information. And most people are simply not going to read a 71-page booklet to find out more, even if it has pictures in it. In the end, that will probably not matter. Public opinion in Germany is relatively docile and there is no dan-

### UK football

Football has come home and it seems to have acquired a pinstripe suit along the way. In the week since the Euro 96 final, Leeds United and Newcastle United have trodden the path towards stock market listings, while media tycoon Mr Chris Wright hopes to float a sporting conglomerate formed from the ashes of QPR. And when Europe's football stars sign up to play in wind-swept Teesside, it is clear there has been a dramatic change in the footballing climate. Several factors have propelled listed football clubs' shares, encouraging these newcomers. Football clubs used to be cheap because they were not considered investment grade businesses. But satellite television has introduced atmospheric inflation for football's TV rights. BSkyB's recent

## Shell struggles to pour oil on troubled drilling waters

Allen youths in the village of Omadino in Nigeria's Delta state listened in silence as a representative of Shell, the Anglo-Dutch oil group, outlined plans to build a health clinic for the people on whose land it has been producing oil for more than two decades. But their anger soon broke through and they began barracking the Shell speaker. Such spending was too little too late, they shouted. One of their number neatly sidestepped a Shell community liaison officer to shove a list of grievances and demands toward Mr Steve Ollerenshaw, Shell's senior manager for the western Delta, where nearly a quarter of Nigeria's total daily oil output of 2m barrels is produced. Public relations problems seem to dog Shell, whose reputation was sullied last year by the row over its plans for the deep-sea disposal of the Brent Spar oil platform and international criticism that it failed to do enough to stop the execution in Nigeria of human rights activist Ken Saro-Wiwa and eight of his followers. On Thursday it took a small party of journalists to see how company funds were improving the lot of people living in this one village in the vast Niger Delta, the centre of its controversial oil operations in Nigeria. But what

was intended as a brief exchange of pleasantries with the village elders backfired, and social tensions soon deteriorated into a series of bitter broadsides directed against the company's role in the area. "The village chief and elders, resplendent in headgear ranging from bowler hats to straw boaters and armed with furred umbrellas as symbols of their authority, remained formal and correct throughout the increasingly chaotic encounter. But their comments were no less critical than those made by the jeering young men. Shell's treatment of the community over the past 27 years had left the 3,000 or so villagers in a state of "depression, neglect and poverty", said Mr Napoleon Agbedete, an elderly Middle Temple barrister from London who recently returned to Nigeria to run a local lobbying group. From the safety of a departing boat, Mr Ollerenshaw noted that Omadino was one of the friendlier villages in the region. "You can imagine what the angry ones are like," he added. Such encounters contain more than an element of histrionics, and many locals admit pri-

vately that criticising Shell is one of the few ways of gaining the attention of Nigeria's military rulers in Abuja, the distant federal capital. Anger often expresses itself in "community disturbances", a company term encompassing offences from hostage-taking to pipeline sabotage, the blocking of roads and the occupation by local residents of oil exploration and production facilities. Shell reported 50 such incidents in the first half of the year compared with a total of 64 in 1995. These included the seizure last month of a drilling rig, which was occupied by residents of a nearby village for two days. Such disruptions are costly, but Shell officials say that lost oil production as a result of the actions has fallen, with a total of 1.78m barrels lost in the first half of 1996, against a total of 5.68m barrels last year. Community officials predict more dialogue and higher social spending by Shell should improve relations. Meanwhile, visitors to the "swamp rigs" that drill for oil in the Delta are still told how to distinguish between a fire alarm and one warning of the impending danger of the vessel being boarded and seized.

## Bonn takes Emu message into the skies

Continued from Page 1

euro information into their music programmes. This burst of activity will eclipse the large government information campaign that smoothed the path of German

unification six years ago. And no wonder, because when they give up the D-Mark the German people will be giving up more than a currency. The D-Mark is a national symbol of Germany's post second world war success. Mr Kohl is

fond of recounting how it predated the national flag, the national anthem and the foundation of the federal republic. But the chancellor is adamant that the D-Mark must go in the interests of building the "European house".

**FT WEATHER GUIDE**

**Europe today**  
 It will be mainly wet in Scotland, although southern Scotland will have some sunshine. England will have showers with a few sunny spells. Showers are also likely to develop in Ireland. The British Isles will have moderate north-westerly winds. More rain is expected in the Baltic states, Poland and Germany. Showers are expected in the Benelux and the Alps. There will be thunderstorms, severe at times, in Poland and the Balkans. In southern Spain, Italy, Greece and Turkey, it will be dry and sunny. There will also be plenty of sunshine in north Africa with temperatures exceeding 40C in Algeria.

**Five-day forecast**  
 It will continue to be somewhat cloudy with showers and cool air across the British Isles, Scandinavia and over most of central and eastern Europe. It will be changeable in the Benelux. It will be wet in the Alps and in Sweden. A high pressure area will build over the eastern Atlantic, providing sunny skies in most of France and Spain. Sunshine and warm air will prevail in the Mediterranean. Temperatures may exceed 40C in Bulgaria and Greece during the weekend.

**TODAY'S TEMPERATURES**  
 Station at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Madrid	sun	33	Caracas	cloudy	32	Faro	sun	26	Madrid	fair	29	Rangoon	cloudy	29
Abu Dhabi	sun	32	Cairo	cloudy	31	Frankfurt	showers	16	Majorca	sun	27	Riyadh	fair	32
Accra	sun	32	Casablanca	fair	23	Geneva	showers	19	Malta	sun	22	Rio	sun	23
Algiers	fair	27	Chicago	showers	31	Gibraltar	sun	28	Manchester	showers	15	Rome	sun	23
Amman	sun	31	Cologne	showers	18	Glasgow	rain	17	Marila	cloudy	32	S. Frisco	sun	22
Amsterdam	showers	16	Dakar	fair	30	Hamburg	showers	18	Malibu	showers	13	Seoul	cloudy	26
Athens	sun	33	Dallas	sun	31	Helsinki	cloudy	20	Mexico City	cloudy	20	Singapore	showers	29
Athens	sun	33	Dhaka	sun	37	Hong Kong	cloudy	31	Miami	sun	33	Stockholm	rain	17
B. Aires	sun	33	Dubai	sun	41	Honolulu	fair	31	Milan	showers	28	Strasbourg	rain	18
B. Ham	cloudy	17	Dublin	showers	18	Isiribou	sun	30	Morristown	sun	28	Sydney	rain	16
Bangkok	sun	35	Geneva	sun	30	Jakarta	cloudy	32	Moossee	cloudy	20	Taipei	sun	25
Barcelona	cloudy	24	Cape Town	cloudy	14	Edinburgh	showers	18	Murich	rain	18	Tel Aviv	sun	33
						Karachi	fair	33	Nairobi	cloudy	24	Tokyo	cloudy	30
						Kuwait	sun	46	Nepes	sun	31	Toronto	fair	26
						L. Angeles	sun	24	Nassau	fair	35	Vancouver	fair	26
						Las Palmas	sun	25	New York	sun	32	Venice	thund	25
						Lima	fair	18	Nice	sun	26	Vienna	thund	25
						Lisbon	fair	21	Nizhny	sun	33	Warsaw	thund	25
						London	showers	18	Oso	cloudy	19	Washington	sun	33
						Luxembourg	showers	14	Paris	rain	18	Washington	fair	9
						Lyon	cloudy	20	Paris	fair	21	Willysburg	rain	24
						Madeira	showers	24	Prague	cloudy	20	Zurich	cloudy	16

We wish you a pleasant flight.

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